

APRIL 1 1980

Steel leaders advise early return to work after 16% offer

Two main steel union leaders
et to recommend an early
to work and acceptance of
extra 1.5 per cent on British
last "final offer" as pro-

Militants say it is not enough

Presenting its report, the in-
quiry team said its main con-
cern was that "this dispute con-
tinues to bring acute hardship
to the workforce of the steel
industry, and is seriously
damaging the industry and its
business prospects for the
future."

The Lever report went on:
"This can only be arrested if
there is an early and orderly
return to normal working so
that all who work in the in-
dustry can seek, to their benefit,
to improve the business per-
formance of the corporation."

Without the backing of these
unions, the steelmen could find
themselves isolated as the
miners were in 1926 after the
collapse of the general strike.

On the other hand, no amount
of cosmetic presentation will
enable Mr Sirs to claim the
inquiry report as a significant
victory. Its recommendations
are short of the union's claim
for basic rate increases of 19 per
cent.

After accepting the Lever
proposals, British Steel is
offering 11 per cent across the
board in return for a joint
document on changed working
practices, job flexibility, and
local productivity bargaining.

Management is still looking for
a saving of 12,000 jobs across
the industry from this enabling
agreement.

In addition to this general in-
crease, the corporation is to pay
a guaranteed 4.5 per cent "lead-
ership" payment for three months
while the local productivity
deals are being negotiated, as
long as there is a return to work
by April 8. Once such schemes
are in operation, the corpora-
tion, they could yield up to 10
per cent increases in earnings.

This is the formula proposed
without dissent by a committee
of independent inquiry com-
prising Lord Lever, the chair-
man, Sir Richard Marsh, the
industrialist, who was the em-
ployer's nominee, Mr William
Keys, the printworkers' leader,
who was the choice of the
unions.

Mr Sirs said: "And they
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Nuns leaving San Salvador cathedral during a lull in the fighting. Junta denounced, page 6.

Mr Hunt faces loss of \$235m on silver

By Michael Prest
and Anthony Hilton

Mr Nelson Bunker Hunt, the
multi-millionaire at the centre
of last week's dramatic silver
market slump, is facing a major
dispute over \$400m ounces
worth of silver he agreed to
buy.

The dispute is with Engle-
hard Minerals, part of the giant
Anglo-American Corporation.
Mr Hunt is reported to have
agreed to buy the silver at \$34
an ounce. The price is now
about \$14, so he is sitting on a
potential loss of over \$235m.

But Mr Ivan Irwin, a Dallas
lawyer to the Hunt family, said
last night that his client has
no intention of reneging on the
contract.

Despite a steady flow of the
silver, markets yesterday in
London and New York, both
Bache Group, the American
firm through whom Mr Hunt,
his brother Herbert, and several
rich Arab investors, conducted
many of their dealings, revealed
that they had suffered a
possible loss of up to \$50m on
the Hunt contracts.

Mr Brian Edgeley, managing
director of Bache Halsey Stuart,
the London commodity dealing
firm of the Bache group, con-
firmed that the group had con-
firmed \$50m while liquidating
some of the Hunts' futures con-
tracts. Part of this business was
done through London. The sales
had to be made in London be-
cause of limits on sales of
futures contracts in New York.

The sales were forced last
week when the sharp fall in
the price of silver, from \$20 to
about \$10, forced firms to call
for margins from their clients.
The Hunts are believed to have
needed margins totalling at
least \$50m.

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EEC sends appeal to Iran for speedy release of hostages

By David Spauler
Diplomatic Correspondent

In a new appeal intended to
hasten the release of the Ameri-
can hostages in Tehran, the
government of all EEC member
states and Japan have been
sent to President Abolmohsen
Bani-Sadr of Iran, it was dis-
closed yesterday. The message
from Mrs Margaret Thatcher
was sent over the weekend
through diplomatic channels,
but its contents have not been
disclosed.

The move represents a
coordinated western effort to
persuade Ayatollah Khomeini
and Iran's ruling Revolutionary
Council to reconsider the deci-
sion to release the hostages.
must await the result of the par-
liamentary election, now that
the second ballot has been de-
layed.

European governments are
concerned that the pressure on
President Carter to take more
vigorous action could lead to a
renewal of the campaign for

economic sanctions against Iran.
The general view is that such
action would only complicate
matters and quite probably
have the effect of making the
hostages even more difficult for
the Iranian authorities to deal
with.

The messages have been sent
separately although the ambas-
sadors of Community countries
in Tehran have been working
closely throughout the crisis. It
was their advice, according to
reports disclosed 10 days ago,
that because the hostages issue
was political, it would be a
serious mistake to revive the
American idea of economic
sanctions.

The EEC envoys said that if
the United States did take such
a course, European countries
should be careful about how
they became involved, because
United States policy had been
changed in the past.

Message clarified: The mystery
surrounding messages allegedly
sent from Washington to the

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President Brezhnev emerges for his prize

From Michael Birton
Moscow, March 31

At a Kremlin ceremony to-
day President Brezhnev re-
ceived the Lenin Prize for
literature, awarded to him last
year from his three volumes
of reminiscences, and suggested
that if he had time and was
still able to would continue
his writings.

Making his first public ap-
pearance in three weeks, the
party leader, aged 73, said he
was deeply grateful for the
prize—the country's highest
literary award—and hoped his
books had helped Soviet youth
to understand the development
of communism since the Revo-
lution, and the second World
War.

The ceremony, shown on the
main evening television news
bulletin, was to have taken place
last week, but was apparently
cancelled at the last minute be-
cause of Mr Brezhnev's sudden
indisposition.

The Soviet leader said he
wanted his three books—*Little
Lands*, *Rebirth*—and *As
Lands*—to be seen not only
as memoirs but as a tool to help
young people use the experi-
ence of the past.

The three volumes, published
over the last five years to
rapturous praise from Soviet
critics and abroad, by leading
writers as a paragon of Soviet
literary style, detail Mr
Brezhnev's wartime exploits in
the Caucasus, his work during
the post-war reconstruction in
the Ukraine and his part in the
development of the Kazakhstan
steppe for agriculture.

"I am not a writer but a
party functionary," Mr Brezh-
nev declared in his acceptance
speech. "But as every Commun-
ist, I consider myself mobil-
ized by party propaganda, and
I see my duty in actively partici-
pating in the work of our
press."

He said he grew up in a
working-class environment, be-
gan life at a factory and would
always gratefully remember
that time.

But the Soviet leader took
the opportunity to criticize the
official propaganda of today
for its "thoughtless and heart-
less formalism, the inclination
to cliché and trawdle."

He brought up a new level to
satisfy the time and needs of
the Soviet people.

But in a wistful note the
ailing leader, who has made
few public appearances in the
last six months, said: "Time is
passing. It cannot be stopped."

This imposed a special respon-
sibility on his generation to
pass on their experience to
young people.

"I think at times that events
which, in effect, are not that
distant, are legendary for them."

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ston Martin takes er MG marque

ward Townsend
agreed in principle to sell
sports car factory at
ion in Berkshire yester-
a consortium led by
Martin Lagonda. The
tium has also won an ex-
world licence for the use
MG marque follows negoti-
which began last Novem-
which have been
ended by speculation and
of BL's decision to
out production of the
the latest in a long line
s cars whose pedigree is
renowned.

Friday's deal marks the
the consortium's attempts
chase the whole of the MG
on, including the marque.
has made clear that the
time is too valuable to self-
ould the consortium itself
in the future to abandon
reduction the name will
to BL.

sement was reached at a
between Mr Alan
ston Martin's chair-
who has recently been
and the consortium by
George Brown and Mr
Horrocks, BL's managing
or.

consortium comprises
March, British Car-
ons and Northwest-Holst
the auction group.

It sides stressed that the
ment was in principle and
ial details were not dis-
t. Earlier speculation was
the consortium had offered
£30m but this was
ted to include the pur-
of the marque.

ther discussion will take
on the legal and technical
agreement and on aspects
a future supply of com-
s to MG's new owners,
a joint statement, BL and

the consortium said the discus-
sion had been "close and
cordial". The two groups agreed
to cooperate fully in imple-
menting the agreement which
would provide the opportunity
for continuity of production
for the plant, buildings and MG
workforce, produce the MG
under licence (with BL supply-
ing the components) and de-
velop its successor.

Most of 1,000 people are em-
ployed at Abingdon of which
about 800 are involved in MG
assembly. The remaining 200
are employed in BL's special
tuning and motor sports com-
petitions.

emission laboratories and on
producing seats for the Vanden
Ploeghe model. It is not
yet clear whether these opera-
tions will remain at Abingdon.

Apart from parts, such as
wheels, tyres and hoods, BL
components are made at other
BL factories. The body comes
from Pressed Steel Fisher at
Swindon; the engine from Long-
bridge, the gearbox from
another Birmingham plant and
the body is painted and trimmed
at Cowley.

It appears that BL is pre-
pared to continue to supply
these components for the next
few years until the consortium
re-engineers the car and sets up
alternative component facilities.

News of the deal was given
yesterday to the MG workforce
and to United Kingdom and
American dealers.

Eighty per cent of last year's
25,000 MGBs was exported to
United States. BL has
claimed that it makes substan-
tial losses.

heart transplant patient es after two months

nnabel Farnham
th-Services Correspondent

Ronald Marney, Britain's
heart transplant patient,
on Sunday only two months
being given a new heart
Harefield Hospital, west
on.

Marney, aged 50, from
field, West Yorkshire, suf-
1 rejection symptoms 10
age and died despite
ediate treatment by Mr
Yacoub the surgeon, to
the rejection under

s death means that two out
ur of the heart transplant
ats at Harefield Hospital
now died. Mrs Dorothy
ward died at the hospital
month after developing a
nical imbalance in her
d.

upworth Hospital, Cam-
eshire, has had a higher
ess rate. It has lost only one
of seven patients who have

been given transplants in the
last 15 months, and one of its
patients, Mr Keith Castle, has
lived for eight months with his
new heart.

A spokesman for Harefield
Hospital said yesterday: "The
sense of loss at the hospital is
considerable. Mr Marney had
become quite a well-known
figure and Mrs Marney has been
almost a member of the Hare-
field family."

Mrs Marney, who is a psychi-
atric nurse, was back in Wake-
field yesterday making arrange-
ments for the funeral. Mr
Marney leaves three sons.

Harefield's two other trans-
plant patients, Mr James
Burkhill, aged 48, and
Derrick Morris, aged 49, were
said to be doing well yesterday.

The hospital spokesman said
that he did not know of any
reason why the success rate at
Papworth Hospital should be
higher than that at Harefield.

UN names the day on Namibia

New York, March 31.—Dr
Kurt Waldheim, the United
Nations Secretary-General,
today proposed June 15 for
the implementation of a United
Nations plan for independence
for Namibia (South-West
Africa).

Reporting to the Security
Council on recent negotiations
on the future of the territory,
Waldheim said the point had
been reached where the neces-
sary political decisions had to
be taken to proceed from the
discussion to the implementa-
tion stage.—Agence France

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HOME NEWS

A plans cuts up to 50 on flights to 15 European cities

Arthur Reed, Correspondent
British Airways claimed yesterday that it was on the verge of a great breakthrough which could lead to flights to European cities from destinations in this country being £50 cheaper by November.

BA said that talks with a number of European airlines had been going on over the last few weeks with a view to ending a reduced-fare system which it introduced last year with Air France on London-Paris routes.

Under the scheme first-class fares are removed to be replaced by club class, for the use of travellers. The new class is replaced by a standard class, with a selection of fares aimed mainly at business going on holiday.

Roy Watts, chief executive of British Airways, said yesterday that the response in talks from European airlines had been more positive than he expected.

He said that while some airlines had been shouting "foul", BA had been holding hard behind the scenes in Europe and scoring a very considerable success among airlines there.

Almost 1,500,000 passengers were expected to travel on BA services to destinations where there would be reductions by November. The cuts would be between 18 and 30 per cent on the lowest fares now available.

with Iberia of Spain, Alitalia, Austrian Airlines and Scandinavian Airlines.

By November 1 cheap fares could be available on routes between London and Nice, Marseille, Bordeaux, Lyons, Amsterdam, Brussels and Luxembourg; from Manchester to Paris, Amsterdam, Nice and Brussels; from Birmingham to Paris, Amsterdam and Brussels; and from Glasgow to Paris.

Not all of BA's efforts to change the face of air travel in Europe are going well. Luft-hansa, the West German airline, has declined to do away with first class. The French Government has refused to give permission for a 120 single "Chunnelhopper" London-Paris fare.

Mr Watts, in his announcement yesterday, tilted at both Sir Freddie Laker, who had applications for 630 routes in Europe rejected recently, and at British Caledonian, which was awarded a restricted number.

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Whitehall brief: Press self-censorship over spies proves ambivalent in civilian politics D-notices face challenge as disclosure practice grows

By Peter Hennessy

On the first three Fridays in February the New Statesman published a series of articles by Mr Duncan Campbell on telephone tapping, the location of the headquarters and outposts of MI6 and MI5, and the activities of the two agencies, which drove a coach and horses through at least two D-notices, No 10 on British intelligence services and No 11 on ciphers and communications.

Mr Bruce Page, editor of the New Statesman, did not bother to consult the loose-leaf folder of D-notices in his office before publishing the pieces. He said last week: "I do not believe the D-notice system has any validity today."

The D-notice committee is 68 years old this year. It is a product of the pre-1914 German spy mania that gave us MI5 in 1909, the Official Secrets Act and MI6 in 1911. It is an institution that causes wonder in foreign journalists, relying, as it does, on the voluntary agreement of British journalists and broadcasters not to publish information covered by the 12 D for defence notices.

North American newspapermen in particular are prone to describe the system as a classic example of self-censorship by the British press whose representatives sit on the Defence, Press and Broadcasting Committee under the chairmanship of Sir Frank Cooper, Permanent Secretary to the Ministry of Defence, and alongside senior civil servants from the Home Office and Foreign and Commonwealth Office who speak, respectively, for MI5 and MI6. No D-notice can be promulgated without the approval of the committee.

The D-notice committee touches a strand of deep ambivalence in many British journalists, including those who are firmly opposed to the excessive secrecy of Whitehall. The growth in Britain of "whistle-blowing" journalism (blowing the whistle on the secret parts of the state and its servants by disclosing their activities) would seem to have sealed the fate of the D-notice system if the late Lord Radcliffe is to be believed. Reports to the Prime Minister on a particularly messy fracas between the Wilson government



Rear-Admiral Ash: Discussing justification for system.

would have long since broken down, for unless D-notices are to be generally observed as a matter of obligation between each newspaper and the others as well as between all newspapers and the Government, it is obvious that single newspapers cannot be expected to continue to observe them when they are ignored by other newspapers who may be in competition with them.

The present Secretary of the D-notice committee, Rear-Admiral William Ash, who succeeded Rear-Admiral Kenneth Farnhill on January 2, is engaged in a correspondence with Mr Page about the continued justification of the system. There is a private debate of considerable public importance.

Mr Page said last week: "The reflex on which the D-notice committee is working is to assume a common, easily-defined enemy, and that the intelligence services are small-scale and operate exclusively against outside forces. They are very big now. They have grown in scope and technical capacity and have all sorts of implications for internal politics. It is illegitimate to protect their wartime remit into a much more complex system of civilian politics. There is a real difference between tracking down the odd German spy and defining

whole classes of domestic politics to be subversive.

The Civil Service members of the D-notice committee are not prepared to speak publicly on the matter. But last week a senior figure in the defence community indicated that Whitehall was "not particularly worried by Mr Campbell's revelations about security and intelligence matters. The prime purpose of the D-notice system, he argued, was to keep information about weapons out of the public prints and that, to date, it had been "almost 100 per cent efficient" on that score.

Lord Radcliffe's 1967 judgment, in retrospect, to be wrong. Despite the "whistle-blowers", most sections of the press continue to observe the notices. Admiral Ash may, in the words of one insider, be a "legal fiction" (the committee has no legal basis or direct connection with the Official Secrets Act), but his recent appointment to the £15,000-a-year post and the sustained enthusiasm of the defence community for his work, suggests there is every sign of continued life for this strange and very British institution.

New system reduces road spray, makers say

By Peter Waymark, Motoring Correspondent

A new system that could make an important contribution to road safety by reducing the amount of spray thrown up by heavy lorries in wet weather was launched in Britain yesterday.

The system, named Clear Pass, has been developed by Mowbray, the international petrochemical company. It is claimed that it gives a considerable improvement in visibility both for overtaking traffic and for the lorry driver.

Clear Pass employs a combination of flaps and valances fitted round the wheels of the lorry. The flaps are made from a thermoplastic sheet covered on one side with polyethylene blades and are similar in design to the artificial turf used for sports grounds.

Water thrown back by the lorry's tyres is trapped by the blades and returned to the road surface instead of being released in a cloud of spray. Apart from the safety aspect, Clear Pass is said to keep vehicles cleaner.

The cost of the system for a four-axle articulated unit is about £270 and kits will be sold by Dunlop through its tyre depots. Mowbray expects to produce an adaptation of the idea for cars.

The system was introduced in the United States six months ago and has been adopted by several leading companies, including Shell, Exxon and Amoco. Mack Trucks will fit the system on its 1981 range.

Minister allows a private bus service

Michael Bailey, Port Correspondent

Overstated of the new free-for local bus services last year came when workers Birmingham factory yesterday the right to operate a bus service despite a ban from the West Midlands Passenger Transport Board.

Norman Fowler, Minister of Transport, dismissed an appeal by the executive against granting of a licence to an operator who agreed to service between the men's and work because of disconnection with the regular services.

Commenting on the decision, Kenneth Clarke, Parliamentary Secretary at the Ministry, said: "We propose to make it for commuters like the workers of Cradley Heath to their own services."

Proposals in the Transport Bill (which completed its third reading last week) are designed to provide the travelling public

and commuters with freedom of choice."

Workers at the BSR factory at Cradley Heath persuaded a private operator, Holdens Coaches of Dudley, to put on a service.

But the licence was revoked and the service stopped last year after the executive appealed to the transport minister of the previous government that it was taking passengers from its own buses. The executive admitted that its normal services from bus operators factory traffic, but offered to put on an extra bus.

Holdens applied for another licence last March, the executive again appealed, and it was that appeal which has now been dismissed.

Mr Clarke said: "This case has been sorted out by an appeal to the minister. But when we have changed the law, workers and employers will be able to enter into contracts for services from bus operators which will not require a road service licence at all."

Man not curb migration

Our Correspondent

Mr. J. J. M. of Manx select committee of Manx says that the Isle of Man machinery to impose control over the rate of immigration. But it adds that it should be in reserve for when immigration starts to get out of hand, and that it is not to be used.

The committee was set up a year ago to consider the island's rapidly increasing population, which is now 64,000. Its report says the rate of immigration is not excessive and recommends that there should be a population limit of 60,000.

It also recommends the establishment of a government department to monitor the social and economic impact of immigration.

£750,000 fire damage by boys at school

From Our Correspondent

Two pupils plotted to set fire to their high school in the Greater Manchester district because one of them had a grudge against his teachers. It was stated at Manchester Crown Court yesterday. Petrol was poured over paper in a classroom and one of the boys started a blaze which badly damaged the school, causing £750,000 of damage.

One boy, aged 16, was sent to borstal and the other, aged 15, was sent to detention for three months after both admitted arson.

Mr. Martin Allweis, for the prosecution said 10 fire engines and more than 60 firemen fought the fire. The school had to be rebuilt.

Unmarried fathers to pay for children, court rules

The fathers of unmarried children must pay for upkeep, and the mothers did not rely on the state, judges ruled in the Family Division in London yesterday. A mother failed to take action against a father would not pay up, the supplementary benefits Commission could step in to assert rights for her, Mr Justice Phipps and Mr Justice Phipps said.

The supplementary benefits Commission who was in Court for hearing said afterwards that decision helped "to plug her drain on state cash." The case directly before the court concerned the mother of an illegitimate girl aged two in the north of England. The commission successfully argued, claiming that justices were wrong in calculating what mother was entitled to in benefits.

Allowing the appeal in the case, in which names were not given, Mr Justice Phipps said that Parliament clearly intended that parents, whether or not they lived together, should be responsible for the maintenance of their children. If an unmarried mother was not prepared to take action against a father who shirked paying, then the commission had the legal right to take action.

The commission spokesman who was in court said: "This decision undoubtedly affects a great many cases. Often unmarried mothers, for one reason or another—sometimes they are scared of the fathers—will not take action to make sure they get the financial support for their children that they are entitled to. Instead they survive on state aid."

Alcohol maker fined £200

Our Correspondent

Anthony Walters, aged 30, of 10 Drive, Cinderhill, Nottingham, was fined £200 by magistrates yesterday for illicitly making alcohol.

He was also given a six-month suspended prison sentence after he admitted illegally producing spirits without a licence and evading customs and excise duties.

The prosecution, said that people bought the alcohol because it was cheap. Police and customs officers found 15 gallons of clear spirit of 70 degrees proof, the equivalent of vodka. Mr. Dargatzis said that home distilling was dangerous because there was a slender borderline between producing drinkable alcohol and deadly poison. Mr. Michael Morris, for the defence, said that the alcohol was drunk at parties and was not sold.

Council was 'unaware' of legal duty

A local authority had remained blissfully unaware of its legal duty to protect people from the risk of injury caused by defective buildings, Mr Justice Wood said in the High Court yesterday.

The chief housing surveyor and his staff had never even heard of the Defective Premises Act, 1972, until the council was

sued for damages by a widow of 63, who was injured when rotten floorboards gave way in her sister's council house.

He said Taff-Ely Borough Council, in Mid-Glamorgan, cannot be excused for such a lack of knowledge.

He awarded £5,100 damages to Mrs Kathleen Clarke, of Beech Three Way, Nelson, Mid

Glamorgan. She was standing on a table helping her elder sister to decorate her home at Pylar Road, Rhydyfelin, Pontypridd, when one of the table legs dropped through the rotten floor.

Her action is believed to be the first of its kind to be brought against a local authority under the Act.

Bible and homosexuality

Homosexual activity is condemned in a book published yesterday.

Written by three prominent Anglican churchmen, the book contradicts the recent Church of England report giving qualified approval to homosexual relationships.

It calls on all Christian homo-

sexuals to abstain from physical relationships, saying: "Homosexuality, adultery, bestiality and fornication are all explicitly and consistently repudiated throughout the Bible."

The authors are David Hollway, Michael Green and David Watson.

The Church and Homosexuality (Routledge and Kegan Paul, £1.25).

Kampuchea. History Repeated?

In his article on Indo-China in Turmoil, Milton Osborne sets the recent Vietnamese invasion of Kampuchea in its historical context. Vietnam's expansionism is not a new phenomenon. Nor is its enmity with China.

Our Saint and his Dragon.

In celebration of St. George's Day, P. J. Hogarth writes on the Patron Saint of England and his Dragon.

Other articles in this month's History Today include:

'The Norman Conquest of the English Language'—H. R. Loyn.
'Walpole's Constituency: King's Lynn'—Sydney Wood.
'Guadeloupe: 1799—1803: a Haiti Manqué'—H. J. K. Jenkins.
'Monuments—The Birth of the Albert Memorial.
Special Review—Paul Dukes on recent World Histories.

News of the History World and Book Reviews.

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WEST EUROPE

Nine cancel top level meeting with East European trade block

A Michael Hornsby, March 31.—A top-level meeting between representatives of the EEC and the Soviet-led East European trade organization, which has been cancelled by the Committee because it sees no prospect of progress in the long-running negotiations between the two sides aimed at formalizing their relations.

A letter sent by Heri Helm Haferkamp, the EEC missioner for External Relations, to Mr Nikolai Faddeev, secretary of Comecon, the said that the meeting, scheduled for April, "would only postpone if it promised 'real progress'".

In the light of a meeting of the Council of Ministers of the EEC at a lower level from which the EEC judged that such progress was unlikely, the meeting was cancelled. The EEC member states' permanent representatives in Brussels, Mr Haferkamp told, had been told that the EEC was prepared to make contacts of a technical nature but that a political meeting at the highest level would not be worthwhile without a clear signal from the Soviet side of willingness to accept its negotiating position.

Discussions with Comecon since 1975, and have been locked for the past two years, or more, but the EEC's stance to compromise has been steadily stiffening since the Soviet invasion of Afghanistan and the ensuing deterioration in East-West relations as a pressure for a formal

agreement between the EEC and the communist side. It reflects Soviet concern that other Comecon countries might be tempted to follow the Romanian path of bilateral trade deals with the EEC, thereby weakening Moscow's hold over its East European satellites.

Not surprisingly the EEC is wary of any agreement that might reinforce the Soviet Union's control over its Comecon partners. The EEC insists that detailed trade negotiations must be conducted by the Community with individual Comecon members and not with the communist organization as a whole.

As far as Comecon itself is concerned, the EEC was not prepared initially to agree to more periodic exchanges of economic and commercial statistics and limited cooperation on the control of environmental pollution.

Last year nine made a gesture towards the Soviet position by offering to conclude a "framework" agreement setting out the general principles that should govern trade between the two sides. But this, too, has been rejected by Moscow.

The EEC uses legal arguments to justify its negotiating stance. It contends that Comecon possesses no institution comparable to the European Commission, which is endowed with authority to negotiate trade agreements on behalf of its member states.

Extradition move likely on ree linked to Moro case

John Earle, March 31.—The Italian Justice Ministry studied a report from French police about the on Friday evening of five terrorist suspects, three of whom are reported to be in connexion with the arrest of two years ago of the Red Brigades leader, the Italian Government is expected to ask for extradition.

One of the four people named near Toulon have been identified as Franco Pina, Enrico, and his wife, Oriana, have been searching for since the Red Brigades leader was killed in Rome in May. A fifth Italian, a woman, arrested in Paris. Earlier it was that police in Nice had arrested Mario Moretti, the man wanted for questioning the murder, were later killed in a gun battle with

the Carabinieri in Genoa and 12 people were detained in houses in Turin and smaller towns in Piedmont.

In Padua, a group yesterday mingled with Palm Sunday crowds and burst into a local army headquarters, seizing machine guns and rifles which were loaded on to a military vehicle. It was abandoned in a street nearby when police came on the scene.

Meanwhile, in a separate case, a British Embassy official said consular access had not yet been allowed to three British who were among a group seized last week during police investigations into anarchist activities and into an organization called Azione Rivoluzionaria.

Helen Jean Weir, aged 34, of St Andrews, Fife, is being held in Modena women's prison after her arrest at Catania in Sicily eight days ago. Mark Holton, aged 31, of Manchester, and Kenneth John Burgen, aged 22, from North Berwick, Lothian, are being held in Bologna.

Lagging birthrate worries French

Our Own Correspondent, March 31.—The French Government is to use additional incentives to encourage the birth rate, which is a source of increasing concern.

As the existing benefits, such as reduced fares and allowances for the Council of Ministers, has decided to increase the post-natal allowance per child, for the child and more, and to increase the number of children, and to double it to a total of 10,000 francs (£1,250) a year.

The measure is designed to encourage the 45,000 French women in an average year, to have a third child, and to encourage others to follow their lead.

The allowance for the third child is 4,346 francs (about £540) before birth, and 10,000 francs (£1,250) after birth.

total cost of the Social Security system is estimated at 700m francs a year.

Another measure to encourage larger families is a recent decision to increase the maternity leave from four to six months. This will mean a mother expecting a third child will be entitled to stop work eight weeks before it is born, and 18 weeks afterwards, subsidised by Social Security.

The cost of that particular measure is estimated at 200m francs. Statistics have shown that in 1977, nearly half the 750,000 children born in this country came to homes where the mother has a job. It is expected to come into force next autumn.

The Government will also extend to non-working mothers of large families access to day nurseries, canteens, holiday camps, and other facilities. The aim is both to reverse the population trends, and to decrease

Parliament of Basques meets under oak tree

Guernica, March 31.—In a solemn ceremony boycotted by separatist extremists, newly elected Basque deputies met under an oak tree symbolizing Basque liberty today for the first session of the regional Parliament.

A crowd of about 300 demonstrators in the street outside the Casa de Juntas meeting house shouted "Bourgeoisie out" and demanded an amnesty for imprisoned separatist guerrillas and work for the unemployed.

The deputies gathered under a century-old seedling of the "tree of Guernica" where the kings of Spain traditionally guaranteed Basques their liberties in return for their allegiance. Representatives of Herri Batasuna, the political arm of the ETA guerrilla movement, did not attend the ceremony. The party said it considered the Parliament to be the fruit of a Spanish constitution rejected by the Basque people and of a monarchy inherited from Franco.

Herri Batasuna won 11 seats in the elections on March 9 and is the second largest group in the 60-member Parliament.

In the Parliament's first business session on April 9, Señor Carlos Garaikoetxea, leader of the Basque Nationalist Party, will seek a vote of confidence for his minority government. If Herri Batasuna maintains its boycott, the Nationalist's 25 seats will be an absolute majority.

The Nationalists intend to seek negotiations with the ETA guerrillas, whose struggle against Spanish authority has cost 23 lives so far this year.

At a party meeting in Pamplona yesterday, the Nationalists pledged to press for the inclusion of the part-Basque province of Navarre in the autonomous region along with Alava, Vizcaya and Guipuzcoa provinces.

Señor Garaikoetxea said Vitoria, capital of Alava province, would serve as the provisional seat of the Basque Government only until Navarre was incorporated in the region. Then the capital would be moved to Pamplona.

Señor Jesús María de Leizaola, aged 83, the last president of the Basque government-in-exile, presided at today's meeting as the oldest member of the Parliament.

He told his fellow deputies: "An historic cycle has passed. A new generation has taken over... Our carefully nurtured hope has borne fruit. The Basque nation is a living reality that cannot be ignored."—UPI.

Diplomat's son dead

Paris, March 31.—The 20-year-old son of the Polish military attaché in Paris was found dead hanging from a bridge over the Seine.

The son of the attaché, who was found hanging from a bridge over the Seine.

OVERSEAS

Zimbabwe link with EEC could give it a start worth £100m

From Nicholas Ashford, Salisbury, March 31.—Zimbabwe could benefit from an early injection of aid from the EEC worth more than 8m units of account (£1.8m). The new state could then expect to receive between £7.5m and £100m over the next five years once it has become a signatory of Lomé Two, the preferential arrangement the EEC has with some African and other developing countries.

The question of EEC assistance to Zimbabwe will head the agenda during the talks which Mr Claude Cheysson, the EEC Commissioner for Aid and Development, will hold in Salisbury during a two-day visit which starts tomorrow.

Southern Rhodesia already has an interim agreement with the EEC which was negotiated by Britain last December and which provides for preferential access for most of the future Zimbabwe's exports.

The interim agreement does not cover aid. However sources in Salisbury explained today that Zimbabwe could benefit from certain forms of EEC assistance, such as aid for non-associated countries, non-governmental aid, and exceptional emergency aid for reconstruction, before it has negotiated access terms to the Lomé convention.

M Cheysson, who will hold

talks with Mr Robert Mugabe, the Prime Minister designate, other new ministers as well as Lord Soames, the Governor, is expected to concentrate on what the country's immediate needs will be during the months while negotiations on Zimbabwe's membership of Lomé are taking place.

Meanwhile the announcement in London today that Britain's Export Credits Guarantee Department has agreed to accept applications for medium-term cover on the export of capital and semi-capital goods to Zimbabwe has been welcomed in Salisbury. It is expected to ease the foreign exchange burden involved in re-equipping Zimbabwean industry.

Mr Mugabe left today for Lusaka where he is to attend a one-day conference on Southern Africa economic co-ordination. The summit is expected to concentrate on ways to reduce economic dependence on South Africa, and the meeting is being attended by heads of state or senior representatives from Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania and Zambia.

It is expected that Mr Mugabe, while agreeing to examine ways of reducing dependence on South Africa, will resist any attempt to halt trade with Zimbabwe's neighbour.

Salisbury seeks Beira outlet

From Our Own Correspondent, Salisbury, March 31.—A group of businessmen and railway and government officials is to visit the Mozambique port of Beira shortly to examine the possibility of a resuming trade through the port which until four years ago carried most of Rhodesia's imports and exports.

The visit is being planned by Mr Peter Lamport-Stokes, the Zimbabwean Secretary for Transport, who is keen to encourage businessmen to use Beira again because it should provide the cheapest and

quickest route for Zimbabwean trade.

Rhodesia stopped using Beira after Mozambique closed the common border in 1976. The border was reopened in January and at present an average of about three trains a week are crossing at Umfolozi. However, virtually all are carrying coal for use by Mozambique.

The question of a resumption of trade through Beira was discussed by Lord Soames, the Governor, and President Samora Machel in Maputo last week.



Newcomer Prince Hamzah of Jordan with King Husain and Queen Nur.

Students drop blockade of Assam for week

From Our Own Correspondent, Delhi, March 31.—

West Bengal's pro-Congress student leaders announced today in Calcutta that they are suspending their self-styled "economic blockade" of neighbouring Assam for one week in obedience to appeals from two of Mrs Indira Gandhi's Cabinet Ministers.

But they said that if the Assam Government's terms on the issue of "foreigners" settled in Assam a second phase of agitation would start soon.

Since last Monday hundreds of lorries daily have been prevented by the students from taking essential commodities

Court lets Bhutto women visit former leader's grave

Karachi, March 31.—The widow and daughter of the executed Prime Minister, Mr Zulfikar Ali Bhutto, were given permission by a court here to visit his grave between today and Friday, the first anniversary of his death.

Begum Wusrat Bhutto and Miss Benazir Bhutto have been detained since October in their house near the grave in Lakarna in Central Sindh province and denied all outside contacts.

The Sindh provincial high court ruled the two women, escorted by police, could visit the grave for half an hour at a time which could cause the least public disturbance.

The Pakistan Government had opposed the visit on the grounds that it would be a threat to public security.

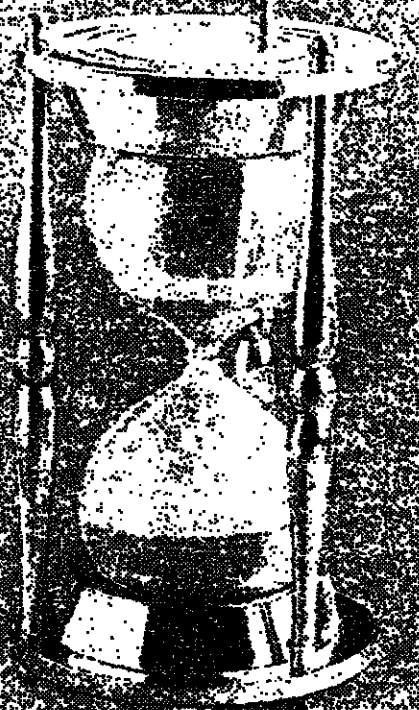
A hearing yesterday was told that members of Mr Bhutto's banned People's Party (PPP) were planning a pilgrimage to the grave.

Reports reaching here from Lakarna said police had already begun building roadblocks and other barriers.

Apart from Mrs Bhutto and her daughter, there is only one other political leader still under house arrest after President Zia-ul-Haq banned all political parties and cancelled planned general elections five months ago.

He is Air Marshall Asghar Khan, head of the centrist Teriq Istiqlal Party.—Reuters.

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n who told of tball scandal en bail in Italy

ae, March 31.—Magistrates released on bail two bookmakers whose revelations of illegal betting recently led to the arrest of a number of football players and officials.

The same magistrates refused applications by Felice, president of the championship Milan AC, and 11 first second division players, delivered a week ago.

Two bookmakers, Alvaro, a restaurateur, and Mo, a fruit merchant, were held earlier this week on fraud and conspiracy charges.

Cossiga efforts to form Cabinet by weekend

Signor Francesco Cossiga today started discussions with his own Christian Democrats, with the Socialists and Republicans on a programme for the three-party coalition which he is expected to form by Easter.

They were today discussing security and law and order, tomorrow they will discuss economic problems, and on Wednesday foreign policy.

The aim is to draw up a series of policy objectives and then to compose a list of ministers so that by the end of the week—Good Friday is not a holiday in Italy—Signor Cossiga can announce to President Pertini the formation of his new Government.

Italian commentators, used to the leisurely pace of earlier government crises, are referring to this as a "blitz" operation. The President asked Signor Cossiga to form a government only eight days ago.

The government crisis will not prevent Signor Attilio Ruffini, the outgoing and caretaker Foreign Minister, from flying to Belgrade on Wednesday to sign, as current EEC chairman, an agreement on commercial cooperation between the Community and Yugoslavia.

Putting cheese on its correct pedestal

Our Own Correspondent, March 31.—General de Gaulle is said to have remarked: "How can one eat a country which has more than 300 cheeses?" In there would appear, according to the *Journal*, to be only 22 which are to carry the label, like y wines, of "appellation d'origine contrôlée" ("AOC"), puts them more than a cut the others.

Quality wines, the 22 "AOC" cheeses are produced geographically defined. No question of describing a genuine Camembert as being in Alsace, or a Roquefort in Auvergne. A display of the gothic halls of the Chateau de la former of the Capetian kings.

In addition to geographical limitations, *Le Figaro* reports that the materials which go into the making of the aristocracy of cheeses and the age-old methods of ripening, are all laid down in the rules and regulations, published by the *Journal Officiel*.

The most surprising revelation of these is that Camembert is not a cheese among the 22 selected cheeses. Pont-l'Évêque, on the other hand, that other pillar of Norman cheeses, is produced in the six Norman departments, while Livarot comes exclusively from the Pays d'Auge, that region around Lisieux known for its lush pastures, apple orchards, and half-timbered houses. It used to be known as the "poor man's meat" because of its nutritional value and taste.

The Bleu de Causses is a cheese which derives its distinctive flavour from the moors and rocky hillsides of Auvergne; and the cellars where it matures from three to six months have to be located in the chalk cliffs, and face north.

Another Auvergne cheese, the Laguiole, can only be produced in 30 communes of the Aubrac, located on the high basalt plateau near Rodez, where the milk is flavoured by the wild fennel, rhubarb, gorse and gentian which grow in the fields.

Last summer, the *Journal Officiel* published a decree creating the "AOC" label for butter from the Poitou-Charentes region, which produces 10 per cent of all the butter in France, and boasts that it is the best, superior to the Normandy variety, with its fuller "bouquet".

OVERSEAS

El Salvador junta's version of funeral panic and killings a gross distortion, prelate says

From David Blundy
San Salvador, March 31

Fifty foreign clergymen who attended the funeral of the Archbishop of San Salvador, Mgr Oscar Arnulfo Romero, yesterday, have strongly condemned the El Salvador Government's version of how the violence occurred outside the cathedral.

Mgr James O'Brien, Cardinal Rume's representative at the funeral who watched the shooting, bombing and the mass panic from his seat on the cathedral steps, said the ruling junta's statement, issued yesterday, was a "gross distortion of the facts".

The junta claimed the killings were provoked by the arrival of the left-wing demonstrators in the cathedral square and was part of an attempt to steal the body of the archbishop. "This is absolute, arrant nonsense," said Mgr O'Brien, "Romero's body was treated with great respect. There was no attempt to steal it. I was sitting only a few feet away from it".

The junta also claimed that members of the security forces opened fire on the morning of the funeral.

Mgr O'Brien, who says he had "a marvellous view of the whole thing" and has spoken to many other eye witnesses, believes that members of the Salvadoran armed forces fired into the crowd from the second floor of the National Palace which stands in the cathedral square.

"Before the shooting started one of the security people working for Miguel d'Escoto (the Foreign Minister of Nicaragua) who was attending the funeral passed the minister a note saying that sharpshooters from the Salvadoran security forces were on the palace roof", Mgr O'Brien said.

He also said that Archbishop McGrath of Panama saw two detachments of security forces on his way from the airport to the funeral yesterday morning. A priest from Peru saw members of the National Guard on the street a few blocks from the cathedral when he went to buy cigarettes shortly before the funeral.

"There is a lot of evidence that troops were around that morning", Mgr O'Brien said. "The Government statement really just isn't true. Whoever is responsible for the violence on Sunday ought to be thoroughly ashamed. Any fool could have seen that letting off shots would invite panic".

The body count for the "Palm Sunday Massacre" as it has been called here, has now reached 39 and could rise today as the critically wounded die. It is believed that 500 people were injured.

Today five more bodies were laid out on the floor in the cathedral awaiting identification. A large crowd of men, women and children gathered round them. Left-wing guerrillas wearing scarves over their faces seemed to be in charge at the cathedral.

Four of the bodies were of

young men and they appeared to have gunshot wounds. The fifth body, that of a woman, had no visible wounds. She could have been crushed or suffocated during the panic which followed the shooting.

In the city mortuary there was a body of a young boy who had lost both his hands when, it is believed, a bomb he was holding exploded. He died, however, from a bullet in the back. More than half the people who died had no sign of bullet wounds and were victims of the panic.

This morning San Salvador was quiet and tense and there was little evidence of the armed forces on the streets. Many of the shops were closed either because they were observing the general strike called by the coordinating committees of the left wing groups here—a strike which seems to lack popular support—or because people were frightened of more violence.

Some shopkeepers were turning their stores into little brick-up fortresses. "I am preparing for the war", a shoe shop owner said.

The junta fears violent reprisals by the left wing who were meeting today on the San Salvador University campus to plan their strategy. In radio broadcasts the junta has been urging the people to be calm, telling them that everything is under control.

The United States embassy here said there was the possibility of a curfew today in the capital.

US message described as helpful in Iran

Continued from page 1

contents were at all conciliatory. On the contrary, they said, the letter was stern in tone.

Indeed, it appears that the main thrust of the letter was a warning to the Iranians that they could expect new diplomatic and economic pressures if they continued to hold the hostages.

The officials declined to disclose the letter's contents, explaining that a new diplomatic effort was under way to persuade the Iranians to release the hostages or face new political and economic sanctions. It seems that the EEC countries are involved and that they have sent messages to Tehran calling for the release of the hostages.

Mr Jody Powell, the White House spokesman, was apologetic when he told reporters late yesterday that he wished he was "in a position to discuss the matter in a little more detail." There was a "period of some change" in the situation involving the hostages, he added.

Such comments have raised fresh, albeit slight, hopes here that the Iranian authorities may at last be willing to seek a way out of the hostages' deadlock. Administration officials noted, for example, that Mr Sadeq Qorbzadeh, the Iranian Foreign Minister, in a television interview broadcast here yesterday had described Mr Carter's alleged message as "helpful". His initial reaction of the message, had been less charitable.

As expected, however, the muddle over the message or messages has come under heavy attack from some of Mr Carter's political critics. Mr George Bush, a former director of the Central Intelligence Agency and a candidate for the Republican presidential nomination, accused Mr Carter of giving the public "silence and double-talk".

Tehran disclosure: President Bani-Sadr will disclose details of a second message from President Carter in a speech tomorrow, a presidential spokesman in Tehran said today. He said the message was received yesterday.

President Bani-Sadr is due to address the nation at a parade to mark the first anniversary of the abolition of the monarchy and the establishment of an Islamic republic.

Mr Ali Mousavi Garmarudi, the Iranian President's spokesman, denied reports that the latest message from President Carter to Mr Bani-Sadr contained an ultimatum of further action to secure the release of the hostages.—Reuters.



President Brezhnev makes a rare public appearance to receive the Lenin Prize in Moscow yesterday for his autobiographical trilogy.

Begin Government faces growing unpopularity according to poll

From Christopher Walker
Jerusalem, March 31

All reliable indicators of Israeli public opinion are now showing that the growing international isolation of the right-wing coalition Government is being matched by rapidly increasing unpopularity among ordinary voters at home.

The latest opinion poll, published today by the English-language *Jerusalem Post* indicated that if elections were held now, the Opposition Labour Alignment would become the first party in the history of the state to win sufficient seats in the Knesset to be able to form a government that was not a coalition.

According to the poll, conducted among a sample of 1,500 Israeli adults, the Likud, headed by Mr Menachem Begin, the Prime Minister, would win only 22 seats compared with 65 for Labour, which is led by Mr Simon Peres, a former Defence Minister. At the last general election in May 1977 the Likud won 45 of the 120 seats in the Knesset.

This and other polls indicate the speed with which the Begin Government's support is being eroded, although it still retains a lead over Labour among Israeli voters. Afro-Asian origin. Last month, the same pollsters found that Labour would have won 58 seats compared with 28 for the Likud.

Although the next election in Israel is not theoretically due before November, 1981, the publication of today's findings

has reinforced the widely held view among political observers that the frail coalition will find it hard to survive its full term.

Another poll published by *Yedioth Ahronot*, the Hebrew paper, showed that over the last month the proportion of the public wanting early elections had jumped from 36 per cent to 60 per cent.

Politicians claim that the disillusionment of the voters can be attributed to three main factors: the failure to deal with inflation, now running at more than 120 per cent; the continuing expansion of expensive Jewish settlements in occupied Arab territory on purely biblical grounds; and the well publicized internal squabbles between senior Cabinet Ministers.

The extent of the present Cabinet split was shown by the heated debate earlier this month over the proposal, heavily supported by Mr Begin himself, to allow residence of Jewish schools to be set up in the Arab town of Hebron. The plan eventually scraped through.

Today's poll results follow weekend demonstrations when an estimated 25,000 Israeli protesters took to the main road between Haifa and Jerusalem to demand the immediate resignation of the Government.

To add to Mr Begin's political problems, Mr Ezer Weizman (the popular Defence Minister, has recently made a number of scathing criticisms about the Government's performance.

On the economic front, the eve of the traditional Passover holiday was marked today by an announcement of an imminent 30 per cent rise in the price of electricity and a planned increase in mail and telephone charges of 35 per cent. There has also been little sign that the symbolic but arbitrary switch from the Israeli pound to the Shekel has done anything to increase confidence in the depreciating local currency.

The prevailing mood of pessimism among many Israelis has been heightened by a gloomy report on the country's future, prepared by a professional forecaster, Dr Marvin Cetron, an American Jew who gained international recognition by his early prediction of the Muslim revolution in Iran.

According to a computer prediction based on data from 21 countries, Israel is due to slide from its present position of eleventh, in terms of stability, to twentieth by the end of the century.

Dr Cetron's reasons included the country's lack of energy resources, the likelihood of religious strife inside Israel—and the inflation.

But there was no sign that the present Israeli Cabinet is prepared to heed Dr Cetron's main recommendation for bettering the situation, which was that Israel should attempt to improve its international standing and avoid policies which cause such frequent embarrassment to the American Government.

Policemen try to defuse time bomb

From David Blundy
San Salvador, March 31

Police said they were trying to defuse a time bomb in a serious situation. The policemen were two other men who were trying to dismantle the western town of

In Istanbul, gun down a married couple at a bus stop. The immediately and was taken to a serious condition.

An executive of the right-wing National was killed in a small the Soviet border by men who escaped. men also escaped. vince of Malaysia at dead a worker.

In Erzurum, the animal husbandry in Turkey, a university was robbed to be blamed three terror. Today's violence incidents yesterday group was arrested people died.

Police said they were trying to defuse a time bomb in a serious situation. The policemen were two other men who were trying to dismantle the western town of

Police said they were trying to defuse a time bomb in a serious situation. The policemen were two other men who were trying to dismantle the western town of

Shipwreck praise their captain's sl

From David Blundy
San Salvador, March 31

one survivors from the ship, which was sunk off the coast of Somalia last weekend, arrived today on board a ship, saying they were alive but for the captain's skills.

Only one man, chief cook, is missing. Mr Muhammad, quartermaster, said: "The captain, who was the first to see the ship, was the one who saved everyone to abandon men began jumping in the dark in hope he was picked up."

"Captain Deasy proper lookout out to get all the rats. They were close together. The 40,000 live sheep Australia to Iran."

Captain Deasy, said the Pakistani would stay a few days. He said he had been sound.

Spanish-German fight for UN job

From Michael Leapman
New York, March 31

A second presidential election is being held here this year, less than a year after the last one. The White House, for the first time in 18 years, there is a contest for the presidency of the United Nations General Assembly.

A new president takes office every September. The job lasts only a year and its holder enjoys no power except to wield the gavel at the start and end of Assembly sessions.

The contenders are the representatives of Spain and West Germany. The job rotates into which the United Nations members divide themselves.

This year it is the turn of the 23-member group called "Western Europe and others", the others being the United States, Canada, Australia and New Zealand. The usual form is for the group to reach agree-

ment on a candidate and present him to the assembly where he is confirmed by acclamation.

A majority of the Western Europe group are in favour of Baron Rudiger von Weizmar, the bluff and polished diplomat who was once Herr Willy Brandt's chief spokesman. The trouble is that Don Jaime de Pinies, of Spain, indistinguishable in terms of bluff and polish from his German rival, dearly wants the job too and will present himself for election by the Assembly even without the blessing of the other group members.

This does happen sometimes for other United Nations posts for which selection is by a similar procedure.

Both men have been at the United Nations a long time and are due to leave shortly. Baron von Weizmar, who is 56, has been West German representative since 1974. Señor de Pinies came to New York in 1960 and

has been representative since 1968, with a short break between 1972 and 1973 when he was Ambassador in London.

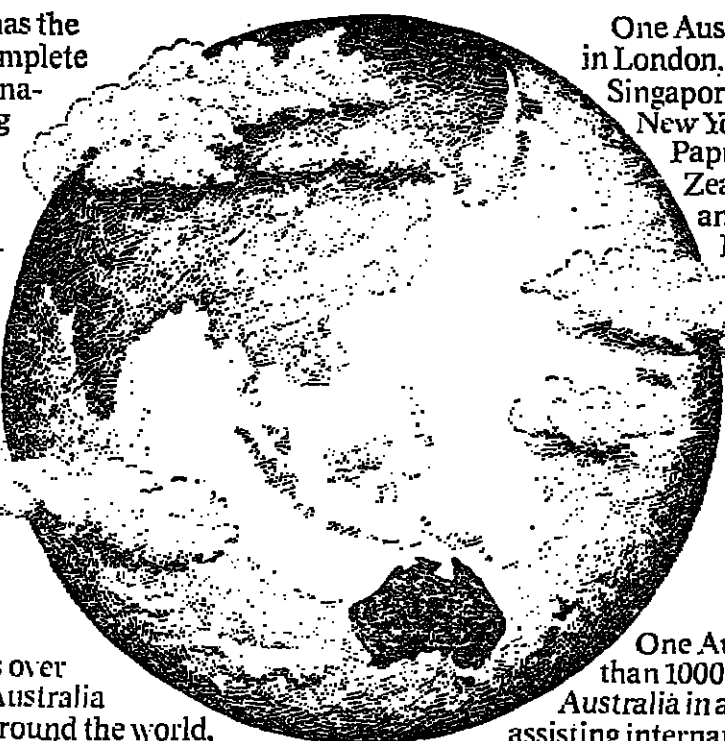
Baron von Weizmar will go to Rome as Ambassador in 1981 and Señor de Pinies, who is 62, will probably be retiring in a few years. Both men, therefore, see the presidency of the Assembly as a grand way of capping their careers here.

Señor de Pinies has canvassed for the candidacy before, in 1975.

Both men are campaigning assiduously.

The Germans are confident that they have enough votes sewn up to ensure victory for Baron von Weizmar by the simple majority required. They can rely on most members of the Western Europe group and they point out that, with 34 embassies in Africa compared with Spain's 11, they are in a better position to woo the African block, the largest of the five regional groupings.

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Attempt to win Security Council support regarded as ill-timed Arab move on Palestine annoys Europeans

By Edward Mortimer

The debate on the Palestinian question, which began yesterday in the United Nations Security Council, is a source of considerable annoyance and embarrassment to European governments.

They consider that the Arab draft resolution, calling for the PLO to be recognised as the sole legitimate representative of the Palestinian people, is extremely ill-timed and is bound, if it comes to a vote, to be vetoed by the United States.

This is partly because of the American election campaign and partly because of the negotiations between Israel and Egypt on Palestinian autonomy, to which the Americans are firmly committed.

European officials fear that the acrimony that this will cause on both sides will make it much more difficult for the European Community to come forward with a constructive initiative later in the year.

They believe that such an initiative would be less likely to enjoy at least the tacit support of the United States, since only with American sup-

port would there be any hope of getting Israel to comply with it.

This point of view seems to be shared by at least one of the leaders of the Palestine Liberation Organization, Mr Khalid al-Hassan, who is chair of the PLO's executive committee of the PLO National Council (the "parliament" which elects the PLO executive) and a close adviser of Mr Yasser Arafat.

At a press conference in London last week, Mr al-Hassan said the PLO wanted the Europeans to coordinate their initiative with the Americans, because if the Americans vetoed the draft resolution it would be useless. He even said that for this reason he did not think it realistic to expect the European draft to be submitted before the American presidential election in November.

Yet it is the PLO representative at the United Nations, Dr Zehdi Terzi, who has bullied his Arab colleagues into going ahead with the draft resolution of their own this week, apparently against the better judgment of many of them.

When asked to explain the

contradiction, Mr al-Hassan did not give a very clear answer but gave the impression that in his view there was no real connexion between the two initiatives.

The present Arab initiative, he pointed out, arises from a report adopted by the General Assembly as long ago as 1976 and then referred to the Security Council, whose consideration of it has been repeatedly postponed.

"We are always asked by the Americans to postpone it", he said, recalling that the last occasion when this had happened was last August, when Mr Andrew Young had discussed the withdrawal of an Arab draft resolution with Dr Terzi, and had lost his job as a result.

It was clear that Mr al-Hassan regarded the European initiative as more important. He hoped the European draft resolution would include proposals for a temporary United Nations trusteeship in the West Bank and the Gaza Strip, during which the Palestinians would exercise their right of self-determination, leading to the establishment of an independent state.

Once the Palestinian state is established, Mr al-Hassan said, the PLO would support the establishment of the new state.

The PLO was in agreement with King Hussein, he said, and he believed a confederation would very soon after the establishment of the Palestinian state, but "this has to be done in two stages".

European governments, he said, were not interested in the PLO's initiative, but were more interested in the future of the Palestinian state.

He also said that the PLO was against the PLO's initiative, but was more interested in the future of the Palestinian state.

Last British-trained Indian civil servant retires

From Richard Wigg
Delhi, March 31

Over cups of tea in a first floor office in the red sandstone palace Lutyens built to be the British Viceroy's lodge, the Indian Civil Service relinquished power for the last time this afternoon.

Staff were saying goodbye to Mr Nirmal Mukarji, the last of the Indian recruits to the service who passed his entry examination in January, 1943, when the British were still ruling the country. He retired today at the top of the administrative ladder as Cabinet secretary, a post which in India also means head of the civil service and principal secretary of the Planning Commission.

It was because of the unique way the British transferred power in India under Lord Mountbatten, coupled with Sardar Patel's insistence against Nehru's suspicions about the Indian Civil Service, that this unbroken piece of history stretched from 1769 to 1980.

Philip Woodruff in *The Men who Ruled India* gave the year 1769 for the origins of the ICS.

Nehru's Home Minister had decided that an independent India could not forgo the administrative skills of a cadre of officials trained by the British and so some 400 Indian ICS officers became the nucleus of the independent country's civil service. Mr Mukarji was among them.

In an interview with *The Times*, Mr Mukarji mixed admiration for a select group of British officers who trained him with a lack of romanticism about the basic aims of the ICS in its heyday.

"The ICS was not a neutral, apolitical civil service, it was a very committed force. We had to realize this somewhat late in the 30 years after independence", he said.

The long period of Congress Party rule from 1947 to 1977 had helped to stabilize India's new institutions, including the civil service. But it deprived the civil service of the opportunity of testing whether it was truly apolitical and neutral.

On the topical question whether India can achieve such a civil service, Mr Mukarji said:

"Neither the general election of March, 1977, nor that last January were ordinary changes of government."

The first came after the trauma of the emergency. Setting up commissions of inquiry involving political personalities was not the best method to make the civil service apolitical if it has to face the thought of subsequent inquiries. And those politicians who came back this time did so with a feeling of persecution.

"Many people believe the civil service has been knocked off balance. There is a great deal of danger but I believe it has withstood these two experiences remarkably."

"Of course to achieve a neutral, apolitical civil service requires the acceptance of this ideal by the civil service, the political elite, and the Indian public at large. Unless all three elements do really desire it, it will not come about."

Mr Mukarji, who was the senior permanent official at the Home Ministry at the time Mrs Indira Gandhi declared the emergency, was promptly moved to the Ministry of Civil

Aviation. He was Cabinet Secretary for a year statutory term Desai Government 1977. He retires at 53.

A Bengali Christian, son of a former I. Stephen's College, Mukarji started his career in the Punjab. He was around on horseback inspection tours of four or five months. That taught him administration order, and "handling".

Mr Mukarji does not have any exchanges. British official and independence. Yet in 1944 and 1945.

Why did the British? Because of the capacity British after the Sec War to hold India, volunteers were coming in India, and because of the Indian nation making it difficult input to output and enough out replied.

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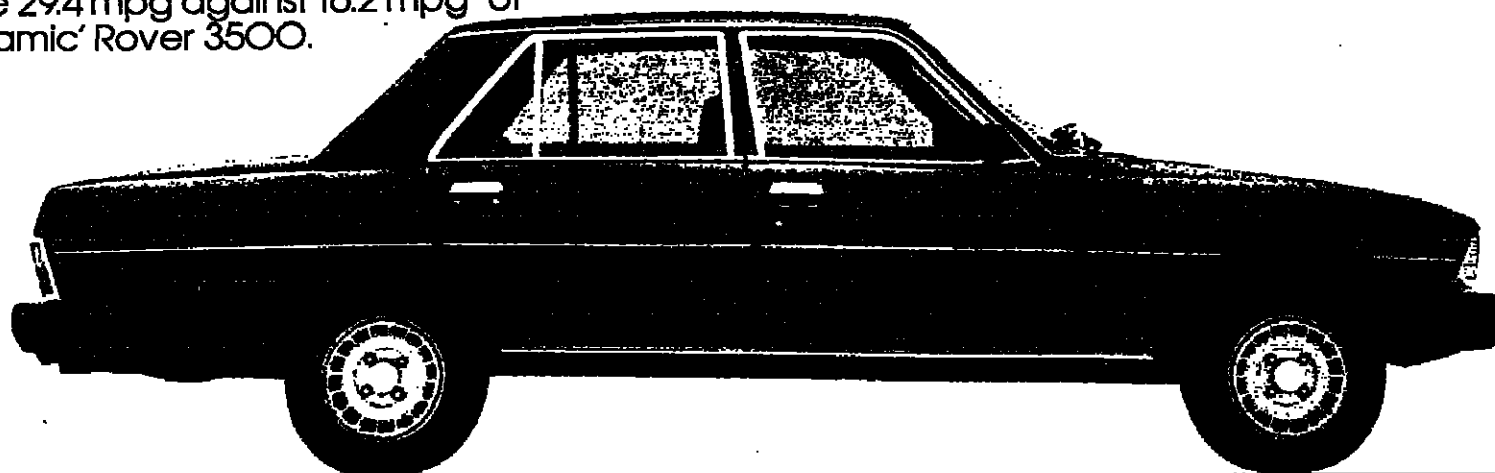
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VOL VII No 5

AN ECONOMIC MONTHLY PUBLISHED IN
BRITAIN, FRANCE,
WEST GERMANY AND ITALY

This article and those on page III find
signs of hope in a sad world

Great projects planned

Future history will speak of the euphoria of the 1960s. Inebriated with the heady fumes of easy-to-come-by oil, human society dreamt of miracle-working technologies and unlimited growth, and the United Nations launched the first development decade. With the 1970s, the panorama changed. It was feared there might be certain drawbacks: somebody started to do a few sums; the ecological conscience awakened, and other spontaneous popular movements showed concern for one evil of modern society after another.

In 1972 the Club of Rome's small volume entitled *The Limits to Growth* appeared. It told a few simple but awkward truths. Our good earth, being but a celestial body of finite dimensions, would not be able to satisfy all the whims of a quarrelsome and voracious human race, nor could it allow a continuous, exponential rate of economic and demographic growth. Immediately damned as heresy by the economists and the technocrats of growth, this small volume yet had a great success, which showed that public opinion was maturing. Soon afterwards, Opec trebled the price of oil, and the old myths began to fall apart. Stagnation made its appearance for the first time.

Aware at last of how mediocre is the government of man's affairs, people no longer knew whom to believe, or what, nor what was really happening, and still less what needed doing that was new or different. And so, with the dawning of the 1980s, the prospects appear as uncertain as ever. One wonders whether the proud human race, which dominates the entire globe and its surroundings, will be able to extricate itself from the immense muddle of problems into which it has driven itself.

To judge by the fact that it is still unable to show down its own proliferation, or control its appetites and power, or even to apply with a little common sense the marvellous heritage of knowledge and information, which it possesses, it would appear not. In addition it is so busy inventing increasingly scientific weapons of destruction that it is doubtful whether it will be able even to manage to live with itself—one group of people with another—and with the other forms of life upon which its very existence depends.

Here the records stop. We must, however, ask ourselves what road so-called homo-sapiens must take 10,000 centuries after coming into the world, after 20 centuries of Christianity and—perhaps it is

as well to add today—13 centuries of Islamism. The greatest danger is that he will continue undaunted to rush as fast as his legs can carry him in the same direction as he is going down, towards tempting but deceptive horizons beyond which lie only crisis and disaster. This is, alas, the most probable road, the road dictated by the habits, the politics or ego-politics and the taboos and systems which have plunged him into this sea of troubles.

If, on the other hand, those gifts of intelligence and imagination prevail, those civic and moral virtues, that sense of responsibility and that spiritual yearning that we so often claim he alone possesses—or if, even, he will only be guided by commonsense and a necessary awareness of the species—then very different frontiers will be open to him. They are the frontiers of hope; but he must hurry for the 1980s are decisive.

Some of the great strategies that can bring mankind to these frontiers have by now been studied in sufficient detail. Take, for example, *World Conservation Strategy*, which was published simultaneously in 35 countries on March 5, 1980. Other publications speak of freedom from hunger, technical measures for disarmament and the reform of the international monetary system. To put these into practice an enormous effort is necessary—political, organizational, financial and managerial. But the keystone is the ability to overcome successfully the obstacles of principle, mental and psychological attitudes, cultural obstacles in general which stand in the way of the renewal of human society. The liberation of modern man from this slavery of the past is, however, possible.

Much must be done, but above all the human system must be made more governable, and we must learn to govern it better. With regard to the first of these objectives, a number of prudent but, it is hoped, efficient initiatives are in progress. It is hoped on the one hand to explore the possibility of restarting, by means of a series of regional agreements, the North-South dialogue, which has at present ground to a halt. On the other hand it may be possible to overcome the intricate nature of East-West relations by persuading the two great power blocks first to examine the world situation, so as to discover how much it is in the joint interest of them both to improve it.

Even more important is the ethical and cultural improvement that must be stimulated in each and every one of us, all

citizens of this extraordinary era. The fact is that in two generations we have radically transformed that corner of the universe in which we live, without however adjusting, to take account of the new realities, the set of values, the principles and the judgments by which we are guided. Our thinking and our behaviour thus remain those of a now distant past.

We are now, therefore, basically all unprepared, and totally unprepared to face the future, which promises to be even more disturbing. When a change takes place in the environment of other species, in order to survive, adapt by genetic evolution. This road would be too slow for mankind, for which the only alternative is cultural evolution, which thus becomes a matter of life or death.

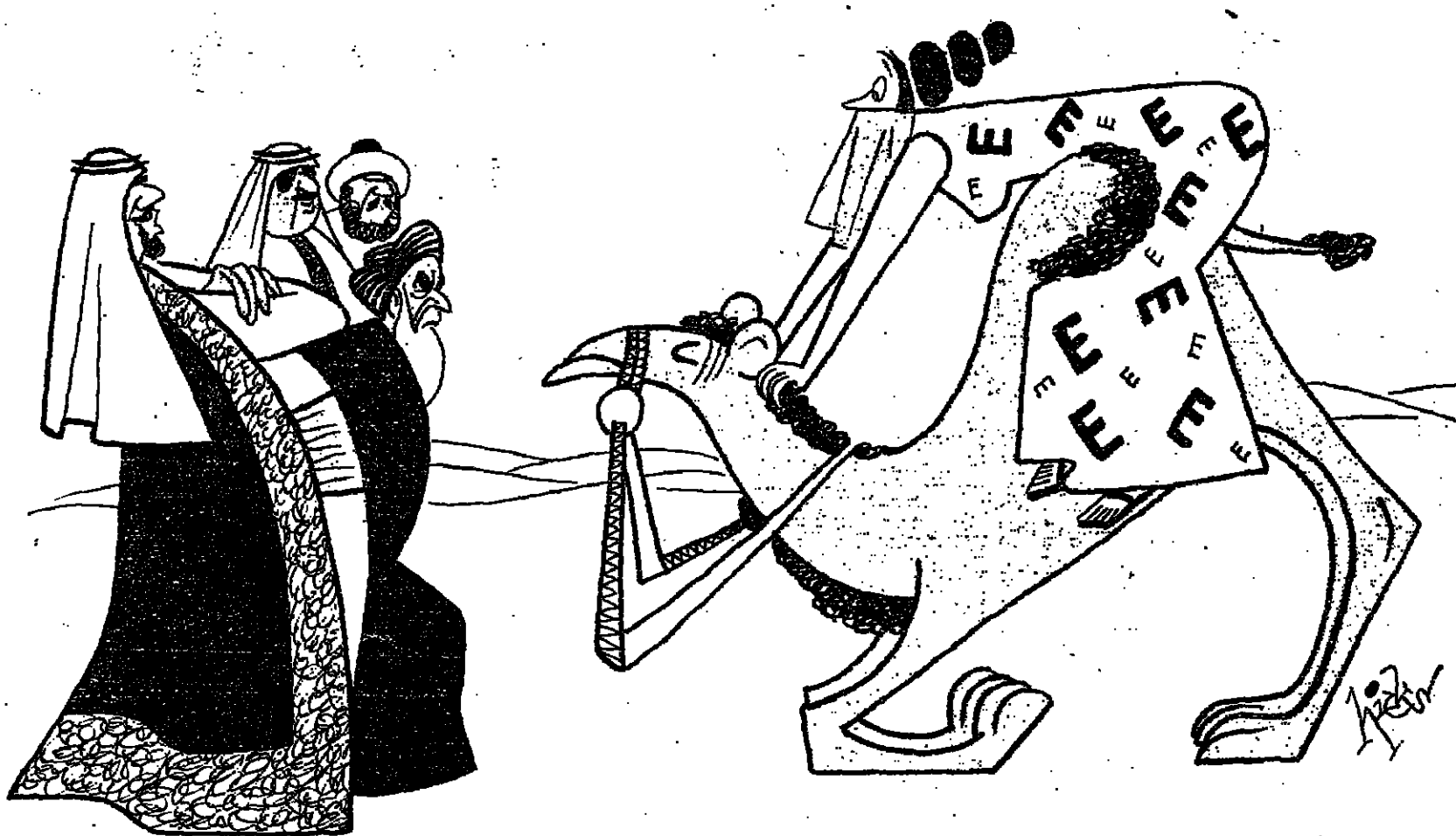
Starting from this truth, which is itself simple and awkward, the last report of the Club of Rome, *No Limits to Learning: Bridging the Human Gap*, states that best time can, however, be made up. Man has, in fact, a considerable intellectual capacity that has hitherto been neglected, and which can develop, so long as he creates new realities.

Two great projects have been planned as a first step in this direction. The first, referred to in the above report, goes under the name of *Learning*. It aims to promote wide-ranging action to bring out the latent comprehension and creative capabilities of millions and millions of people, to enable them to play a more knowledgeable part in the making of the historically important decisions that await them. *Unesco* proposes to fly the flag of learning in the 1980s, and many countries, from Spain to Venezuela, from Austria to the United States, are examining how to follow this road, each in the light of its own cultural characteristics.

The second project, which is to be launched by the end of the year under the name of *Forum Humanum*, proposes to mobilize the young, who are the greatest innovative force, and at the same time the heirs to the future. The aim is to create in different parts of the world a network of centres for research and reflection, directed solely by young people who are committed to studying how a better world can realistically be built for the year 2000 and beyond.

The frontiers of hope are frontiers that we need not look far to find, because, in essence, they can and must be found within ourselves.

Aurelio Peccei
president, The Club of Rome



Ancient fears of Islam revived in West

Islam is, after Christianity, the second most widespread religion in the world. It is 600 years younger than Christianity and still growing, and happens to be predominant in all but two of the member-states of Opec. That makes us all dependent on the Muslim world at a time when we are less able to control or predict its behaviour than in the more recent past. Suddenly we are all fascinated by "the Islamic revival". This is nothing new. "The Islamic revival" was the subject of a leading article in *The Times* in 1959, and in July 1956 M Guy Mollet told a congress of the French Socialist Party that pan-Islamism had become a menace to peace. The first Islamic economic conference was held in November 1949.

Perhaps the main difference between now and then is that then *The Times* could write: "Most Muslim countries today, with the exception of Pakistan, are poor and politically unstable..." No Western commentator would be likely to write that today.

And yet, as most Muslims are acutely aware, it is still true that "most Muslim countries are poor". Most Opec countries happen to be Muslim, but most Muslim countries are not members of Opec; and even Opec, with a combined population of some 300 million, has a combined gnp less than that of any one of the industrial states which took part in last year's Tokyo summit. And two thirds of the members of Opec have balance of payments deficits.

Still, the possession of oil has brought relative wealth, in a highly disposable form, to a small number of Muslim states and has greatly increased their strategic importance. That has done something to revive the self-confidence of Islam, but a great deal more to revive ancient fears and jealousies of Islam (mixed with respect and genuine interest) in Western

Europe. We are acutely aware of Islam's new strength, while Muslims themselves are more aware of their own vulnerability and weakness.

For 1,000 years Islam held its own, equal or in many respects superior to, the Christian culture of Western Europe. Then Europe left it behind—economically, technically, militarily—and, in the nineteenth and early twentieth centuries, European powers brought almost the whole Muslim world under their direct or indirect sway.

Today the Muslim states—more than 40 of them—have reasserted their political independence, but economically and culturally most of them still feel on the defensive. None of them is yet fully industrialized. All need to import a whole range of manufactured products, but above all technology, from the non-Muslim world. None can afford, and few want, a head-on conflict with the West.

Some believe a conflict with the United States is necessary because of the excessive involvement of American interests in their economy or their politics, or those of their immediate neighbourhood. But even those

look to Europe, now that it has relinquished its empire, for a more equal and mutually beneficial relationship.

On the European side, political and economic leaders are more and more acutely aware of their dependence on the Muslim world, and feel the need for a closer and more stable understanding with it. Business between the two is brisk, but in a way that is febrile rather than healthy. Nowhere was it bricker than in Iraq, but how brutally it was interrupted and what a legacy of acrimony and disgust it has left. Surely a sounder and healthier relationship is possible?

Since 1973 we have had a Euro-Arab dialogue and a North-South dialogue, both with disappointing results. Now there is talk of a "Euro-Gulf dialogue"—a dialogue between persons of substance, with the tired poor relations relegated to an antechamber.

But this is not exactly bursting into life, for the would-be Gulf partners are still divided on the very issue that held back the wider Euro-Arab dialogue: should they agree to concentrate on economic and financial questions, as the Europeans wish, or should they insist on

their political concerns and try to drag the Europeans into an open conflict with the United States on the issue of Palestine?

There is no reason to think that a Euro-Muslim dialogue would not encounter the same problems. Institutionally, the framework is there: the Organization of the Islamic Conference, with its permanent secretariat in Jiddah under the capable M Karim Gaye—the world's only inter-governmental organization founded on an avowedly religious affinity.

It is an organization not without points of similarity to the European Community: especially the fact that its decisions are taken unanimously, or not at all—symptomatic perhaps, in both cases, of the difficulty of building political and economic unity on a common cultural heritage when it runs across linguistic and ideological, as well as national, divisions.

Theoretically, perhaps, the unity of Islam should be easier to realize than that of Europe. The tradition of the *umma*, the single community founded by the Prophet, is much stronger than that of Christendom as a political entity (let alone the Holy Roman Empire).

But in practice things are different, with more than 600 million Muslims divided into more than 40 states and spread over two vast continents. Agreements have been reached on economic, technical and commercial cooperation, but they are very imperfectly applied. In any case, they fall short of the imaginative five-point plan—industrial transformation, self-sufficiency in food and grain, single currency area, \$1,000m investment in education and science, and expenditure of \$5,000 a year on the attainment of "basic human needs"—put forward by Dr Mahbub ul Haq of the World Bank in 1977.

There is no Islamic common market. The main achievement to date is the Islamic Development Bank, capitalized at \$2,000m for channelling Arab

oil revenues to less developed Muslim countries. (In dance with Islamic traditions, it does not lead an interest, but prefer participation in his enterprises.)

Ideologically, the world is deeply divided. Fundamentalists would claim that there are no truly states, with the possibility of Iran since the revolution—and Iran, precisely because it considers the credentials of the other so suspect, is a somewhat reluctant participant in the Conference. ("The cor which are held in the Islam do not in reality Islamic objective", Imam Khomeini once said.)

Otherwise there are states which claim to be Islamic, but which are in fact very close to capitalism. Some are pi others very close to ti even though all now formally non-aligned. In so far as there is a world, it is essentially that of the Third World: economic revolt, the conference read more like duplicates of this Group of 77. Where ti general agreement on matters, it is that of world: an essentially Islamic economic and political movement. In any Euro-Muslim dialogue, therefore, the Europ find themselves confronting the same demands i have met in the M and Euro-Arab e priority for the "national economic or support for the right Palestinian people: sent by the PLO. I have something new t either: for both of the a Euro-Muslim dial likely to achieve bitl

Edward Mc



The faith of worshippers in Tebran may disturb Western observers because of its political overtones, but the faith of the young holds out hope for the future. The Forum Humanum this year will mobilize the world's youth.

Stop the interest rate machine -we want to get off

<p>poor ○</p> <p>bad ○○</p> <p>very bad ○○○</p> <p>rate of growth</p>	quality of growth		maintenance of growth		
	prices	unemployment	productive capacity	foreign trade	vulnerability to external factors
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per cent reduction in investment (budgets), but not demand from industry which, helped by the lifting of price restrictions, is expected to sustain supply by means of investment and exporting. It remains to be seen whether with the presidential elections impending, he will be able to pursue his programme to its conclusion.

However, for France and West Germany, and also for Italy and Britain, the danger now lies not so much in their

If industry is unconcerned, financial circles have been deeply shaken by this staggering rate stampede which is threatening to cause upheaval in the American and Western economies. The American economy is handing increasingly like a runaway car whose driver—the Government—has lost control and it will not be easy to bring it back under control in the present pre-electoral mood, which is not conducive to objectivity or courageous action. Hence the relief with


Nevertheless, the new anti-inflation package announced by President Ciriak on March 14 has rekindled some hope, more abroad and notably in West Germany where Herr Otto von Lambsdorff, federal

spending by \$100,000 and income tax by \$100,000. The net result would be a \$500,000 increase in government revenue, \$500,000 in new bonds, and \$11,000,000 through taxation of imported oil seems a difficult proposition to Mrs. Alice Rivlin, head of the Congress budget office, who is also doubtful that a return to the gold standard will prevent inflation. Of more probable effectiveness are the measures announced by Mr. Volcker, which increase the banks' compulsory reserves and make it more expensive for them to resort to Fed discounting by raising the rate by 3 per cent.

ports a great deal more expensive. West Germany (along with Japan) is most vulnerable to the Deutschmark's appreciation under threat simultaneously from the current account balance of payments deficit and from the disparity between West German interest rates and those prevailing elsewhere. The increase in the discount rate from one per cent to 7 per cent was no more than a catching-up exercise; which will have to be rectified, quite apart from the measures needed to attract capital. This has meant that the Deutschmark has been obliged against its will to perform the role of a reserve currency.

For all four *Europa* countries, whether directly or more indirectly affected by the crisis, that the American infernal machine be brought to a halt and that rates stabilize. At all events there is no early prospect of a substantial fall in interest rates; despite the economic slowdown and the recession, inflation will continue to run high, as will pressure from oil prices—witness: the intention of certain Opec countries to reduce output.

Maurice Bommensath



Tax evasion by companies laid bare



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What's in the basket?

which created a great difficulty, causing the monthly retail price index to shoot above 20 per cent. The Chancellor of the Exchequer, Sir Geoffrey Howe, has pointed out that this was an artificial increase since, according to his calculations, this higher indirect taxation is more than offset by substantial increases in income. Hence the recent introduction in Britain of the new tax and price index (TPI) which makes allowance for this factor and gives results which between January 1979 and January 1980 were two and a half points below those yielded by the traditional index.

In France the authorities have not proposed any new price index adjusted to exclude the impact of oil price rises. M Raymond Barre is apparently much less concerned about movements in this indicator, which is considered unrepresentative of underlying inflation. Nevertheless M Monory, his Minister for Economic Affairs, is obliged to comment on the monthly price index and he is proposing a new, more "realistic" method consisting in evaluating the acceleration in price rises between 1978 and 1979. Given this method, it is

possible to show that France is doing twice as well as West Germany, whereas the conventional method purs France's inflation rate at about double West Germany's.

These few examples, to which many others could readily be added, demonstrate the difficulties of measuring price movements, but also illustrate the ingenuity deployed by statisticians in the face of today's economic problems.

M. B.

M.B.

A reflection of political issues

Judgments which bind nine Community countries

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bourg, not in Strasbourg. What the Chancellor said to his press spokesman afterwards is not on record.

There is clearly a problem here. Rulings are given on mat- ters of importance for Europe and yet, as can be seen, even a government agency responsible for the collection of information can be misinformed about them.

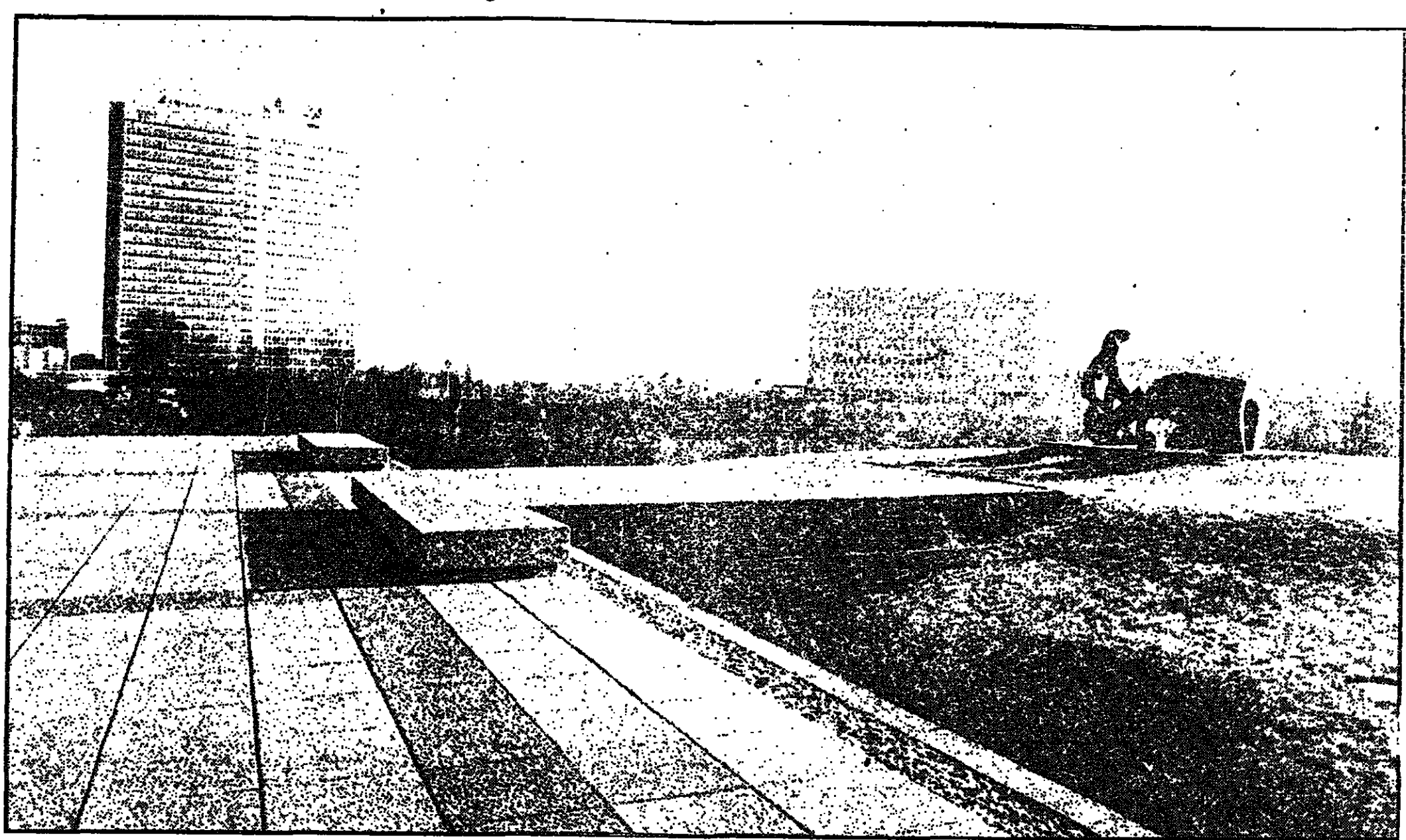
This is greatly regretted by the President of the European Court, the German constitu- tional lawyer Herr Kutscher. "There is no area in which European integration works more effectively than the administration of justice", he says. But, as a rule, the public gets to hear about such matters only as the French Government's refusal to comply with the court's injunction against the French ban on imports of lamb from Britain.

Yet in 1979 the court made more than 130 rulings and a further 730 new cases were listed for a hearing. These mostly concern questions referred to the court by a Cum- munity court, whether in Messina or Kiel, Berlin or Bordeaux, which has interpreted some piece of national legisla- tion as being contrary to Com- munity law and ordered suspen- sion of proceedings accordingly.

But a government or EEC organ can also apply to the court, direct, and individuals can bring a suit before it if they feel their rights have been infringed by any of the Com- munity's instruments. The court dispatches its business fairly briskly; it is proud of the fact that cases referred to it are dealt with in seven to nine months, and that direct suits are adjudicated within a year of their being brought.

But if a country refuses to comply with the court's rulings, as France has done in its con- tinued ban on British lamb imports, is there any redress? "It is, of course, a serious breach of the Treaty of Rome", President Kutscher says, "but it is not within our jurisdiction to rectify it."

For the European Court of Justice has no powers of its own to enforce its judgments. The governments concerned must agree together on how the matter is to be settled. British lamb exporters, however, could always bring suit for damages against the French Government before a Paris court, citing the Luxembourg ruling, by which



The European Courts of Justice in Luxembourg, the supreme court of the European Community.

French tax regulations, under which spirits made from grain were subject to manufacturers' excise duty whereas those made from wine and fruit were not. The French Government pleaded possession of two different products were at issue, each of which could be taxed on a different basis. The court stuck to its opinion. Whisky and gin, which are dis- tilled from grain, come from abroad, while cognac and fruit

brandies are made from French produce. All nine judges stood by the view that the French Government was distorting competition in order to benefit its own products. The Italians tried to get away with a similar scheme—equally unsuccessfully—by imposing a system of revenue stamps for spirits made from grain and sugar cane while exempting their own products made from wine and must.

Denmark, while exempting its own aquavit products, claimed that other kinds of product should be subject to duty. This was rejected by the Luxem- bourg judges. Ireland has not adopted a system of excise duties but has been operating one of allow- ances to the benefit of its own products—against regulations, as decided by the court. Lastly, the British Govern- ment wanted to maintain a con-

sumption tax of £3.50 on a gal- lon of wine but only 60p on a gallon of beer, the great bulk of which is of British produc- tion. The British Government's counsel pleaded forcefully that the two beverages are not in direct competition, and cannot be substituted, also that wine is measured by the glass but beer by the pint, thus making the tax a unit more or less the same, and that wine imports had been registering a continual in-

crease despite the tax. In this case, although holding that the basis of the tax was the alcoholic content, the European Court of Justice deliv- ered an interim judgment which left the door slightly open for the British; they were authorized to make further sub- missions on the subject of the non-competitiveness of wine and beer.

Hans-Herbert Holzamer

On the contrary

Next member?

ng's announcement of yet another for membership of the EEC has red feelings in Brussels. tribute to our success", one Com- munist said, "and of course we democratic European countries ling and able to join." But privately ers confessed to doubts. "Fourteen too many for a viable Community", ropean Commission official mused. e broader issues, too. The Com- rthern member states may be glad other central European country nce the entry of the Mediterranean n France and Italy may think diff- ready, agricultural and especially uests within the Community are the likelihood of new low-cost com- hile Community industry remains s spokesmen resent the prospect of and for regional aid. nomic argument is finely balanced, tors are more uncertain still. Al- a constitutional monarchy, the rul- g dynasty has long been under the left; news of possible overtures has provoked veiled threats from well as disquiet in Strelsau. Only lf's and Colonel Sap's sense of ke Ruritania's application so

Pangloss

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First step towards firm exchange rates



Signor Filippo Maria Pandolfi is the president of the Interim Ministerial Committee of the International Monetary Fund; he was appointed to this position last autumn. The appointment reflects his position as Minister of the Treasury in the Italian Government that has just fallen. But his selection, from among the 21 members of that committee, was determined not only as a matter of routine but also on account of the high reputation as a technical expert that Signor Pandolfi has built up in recent years. He talks here to Mario Salvatorelli

For 10 years now there has been talk—to put it mildly—of reforming the international monetary system, and we seem to be no further forward. Does this thought not discourage you?

No, I am not discouraged. From the psychological point of view I would like to answer with a well-known adage which says, in effect, that in order to attain something you need not be full of hope, and that success is not necessary in order to persevere. But I prefer to remain objective.

It is true that when the Committee of Twenty, in its final report of June 1974, outlined a progressive plan for reforming the international

monetary system, not many people would have been prepared to bet on the collective ability of those involved to carry it through successfully, even given time. I remember, incidentally, that that report recommended the IMF to examine "means of substitution". This, also, came to nothing. But since then many things have changed on the international monetary scene.

Do you mean that the situation appears more favourable to you, today? If so, on what do you base this conviction?

The ideas and proposals of the early part of the 1970s, starting with the central idea of giving special drawing rights increasing prominence alongside the dollar, were crushed by the circumstances of which we are all aware. I refer to the great expansion in dollar credits as reserves, and the great elasticity in supply of international liquidity. The reform proposals passed into a

state of eclipse, above all as a result of the first heavy rises in the cost of oil. But the size of the phenomenon, and the relative inability to control it, have slowly revived the argu- ments for a possible reform of the system. Thus the creation of a substitution account has clearly emerged as a first step in this direction.

It was probably a mistake, 10 years ago, to aim too high to imagine global reforms that the international community was not prepared to accept. Now, on the other hand, a greater degree of pragmatism seems to prevail. Precisely. The renewed interest in a substitution account is not, today, an abstract idea for dealing with abstract prob- lems. The question now is how to extricate ourselves from a situation that is uncomfortable for everyone. The choice lies between a reserve system based predominantly on the dollar, and a system using a number of reserve currencies, the latter system being the product of an over-heated process that is dis- rupting the exchange markets. We must extricate ourselves from this situation, which is clearcut for all to see.

Would the way out of this situation be the adoption of a substitution account?

Of the possible solutions, the substitution account offers the greatest hope of achievement. Of course, we must not cherish the illusion that with this new aid all our problems can be solved. Rather, it should be seen as a first important step forward.

Especially where theoretical investigation is concerned, it would be wrong to set limits on the function of the substitution account and more generally, the special drawing rights. But in the mean- time, let us look realistically at more immediate objectives.

How would you define these immediate objectives? What I mean is, what can we and must we expect from the setting up of a substitution account?

The biggest problem today is caused by the dollar being considered not so much as the currency of the United States but as an international currency. Foreign trade is generally settled in dollars; where payments balances are not in equilibrium, dollars tend to accumulate in one country, or in a group of countries. Those that accumulate reserves of dollars are faced with the prob- lem of defending the value of these reserves, as time goes on; hence the tendency to convert them from time to time into currencies that are held to be more stable.

Because of the size to which the dollar surplus has risen, foreign exchange markets have come under pressure. Exchange rates have suffered as a result,

fulfilling less and less their function of expressing, as should traditionally be the case, real competitive rela- tionships between the systems of production underlying these currencies. The first objective of a substitution account is to restrict this disruptive effect on the markets.

In the meantime it is obvious that the account cannot replace the need for better coordination of economic and monetary policies, in pursuing a disin- flationary strategy on a world- wide scale. The amount is complementary to this process, and is certainly not an alter- native or a substitute.

How can the substitution account technically represent an alternative to the diversification of reserves?

Dollar surpluses, or in any event part of the dollar re- serves, can find a safe haven in the working of the account. In return for dollar deposits the central banks will receive substitution account certificates in denominations of special drawing rights, guaranteed not to lose value as time passes, with a good rate of interest and the indispensable guarantee of liquidity for balance of pay- ments requirements. The ac- count in turn will use the dollars received to buy long- term Treasury bonds. The account—that is, the amount of dollars deposited for substitution—must be of a suf- ficient size, if it is to fulfil its aim of stabilisation.

Undoubtedly, the effective- ness of the substitution account depends in part on the level of deposits it will be able to collect. Imbalance in the pay- ments balances is tending once again to become serious. One need only recall that in 1980 the petrol-producing countries' sur- plus will certainly exceed \$10,000m, and that already, at the end of 1979, the dollar cur- rency reserves of the central banks throughout the world totalled more than \$12m. The figures that I have indicated make it clear, in any event, that the account must be sufficiently large if it is to achieve its objectives.

In addition to purely currency questions would these objectives also include the better develop- ment of the world economy?

I think so. I would like to go no farther than to emphasize this point: the oil-producing countries are now in a situation where they programme some- what rigidly their supplies and prices, because it is not possible for them to preserve the value of the currency surpluses they obtain by exporting their oil. If these conditions change, one of the destabilizing factors of the world economic situation will be reduced. But this is only one

aspect of the matter—you could quote many more.

Who will gain from the setting up of a substitution account?

If I were to reply that we should all gain, I would be stating what I personally be- lieve, but that might seem an answer prompted by con- ventional optimism. Instead, therefore, I might answer by asking a question myself: who gains from the present insta- bility in exchange rates?

If what you say is true, the sub- stitution account ought already to be a reality.

One of the problems of our time, at national as well as at international level, is the in- adequacy of the decision- making processes, in relation to the changing nature and often the urgency of the problems that have to be faced. Patience is necessary, and tenacity.

But it is not only a question of procedures.

Certainly not. The setting up of the substitution account also presents other, special aspects, both technical ones and those that end up by being political, in significance and colour. One need only mention problems such as the role of gold in the monetary fund as a guarantee of equilibrium between the debit and credit sides of the account. This, and other ques- tions of more than minimum importance, are today up for discussion.

But, behind it all, the real problem stands out, which is that people generally must come to the conviction that a serious move towards reform- ing the international monetary system is both necessary and urgent. I said "people gener- ally". In reality the substitution account is not the concern of just a few, nor does it affect only a few; it is the concern of a great many people, and affects a great many.

How far are we towards this general conviction? After the exploratory contacts that you have had since becoming chair- man of the Interim Committee, what forecasts can you make?

The contacts that I have had so far have left me with no doubt that there is a strong revival of interest in the sub- stitution account. I think that the direct negotiations with individual countries that I have started have been appreciated. Forecasts? It is a good rule not to make forecasts, at least at this stage. On April 25 the Interim Committee will meet at Hamburg. It will be another step forward along a road that is not easy. I would consider it a considerable achievement if, with agreement reached on a number of essential points in the working of the substitution account, the road ahead seemed clearer, and the final destina- tion nearer.

SPORT

Racing

Raconteur starts a new chapter for Hobbs

By Michael Seely

Yet another of our leading stable hands got the mark for the season at Nottingham yesterday when Bruce Hobbs saddled Raconteur to win the first division of the Manna Maiden Stakes. Geoff Baxter sent the three-year-old into the lead approaching the final furlong. Lester Pigott then launched a powerful attack on Mister Lucky, but in a driving finish Raconteur held on to win by a head. The winner drifted from 2-1 to 5-1 in the market due to a sample on Jack Hardy's Spring Surprise, who was never seen with a chance at any stage of the race.

Raconteur is owned by Lady Bux and was bought for 9,000 guineas at the Houghton Sales. The Buxs always sell the colts which are foaled at their Brook Stud and keep only the fillies to race. Hobbs confirmed that his classic horse, Tynnosus and Velle,

are in great heart and that the Craven Stakes and the Nell Gwyn Stakes remain their preliminary races before the 2,000 and 1,000 Guineas, respectively.

Peter Walwyn, with two winners from four runners so far this season, was hopeful of landing the second division of this race with Hill's Northern. Pat Eddery moved the 11-4 favourite into a challenging position two furlongs from home but swerved badly to the right leaving Bond Dealer clear to win by six lengths. Bond Dealer gave the new trainer-jockey partnership of Brian Swift and Taffy Thomas their second victory of the season.

Lester Pigott was seen at his best when winning the Sunstar Stakes of Tallishire Abode, who was backed down from 8-1 to favourite at 7-2. Ered by the owner's former jockey, Harry Carr, Tallishire Abode is trained by Geoff Toft at Bevelly. The

market last autumn. Syncope won by 10 lengths at Stockton last Friday and looks certain to do the same again with the ground remains soft.

At Nottingham today Edward Hyde and Skewsbey look to have a good chance of winning the 1000 Guineas. Skewsbey won for Mick Easterby and has also enjoyed a successful winter campaign over hurdles. New Top and Pata Morgana appear to be the most dangerous of the four-year-olds' opponents.

Two likely two-year-old winners this afternoon are Miss Quaver in the Old Trafford Maiden Stakes, at which Nottingham and Brian Swift's Doncaster scorer, Swan Princess, in the Readcorn Stakes at Folkestone. Miss Quaver has been reported to have been well tried at

Rugby Union

Some options closed for under-23 selectors

By Peter West

Rugby Correspondent

Nigel Pomphrey, a Bristol and England forward, will captain England under-23 against England Students at West Hartlepool tomorrow (6.30 pm). It looks a nicely-balanced side but it would be stronger for the presence of several players on whom the Students by tacit arrangement are given first option. These include Tony Swift, the Swansea wing, How Davies, the Coventry stand-off half, and Paul Ackford, the Rosslyn Park lock, all of whom have played for England B, and the Bristol flanker, Peter Pollock, who captained the under-23 side on their three-match tour of France and Italy last May.



Nigel Pomphrey leads England under-23 against Stuart

Folkestone programme

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53. Sullivan (D. J. O'Donnell) 8-1	M. L. Thomas 12
54. Sullivan (D. J. O'Donnell) 8-1	M. L. Thomas 12
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99. Sullivan (D. J. O'Donnell) 8-1	M. L. Thomas 12
100. Sullivan (D. J. O'Donnell) 8-1	M. L. Thomas 12

Nottingham programme

2.0 OLD TRAFFORD STAKES (2-y-o maiden fillies: £937: 5f)	
1. Aberdeen Rose (J. P. Haines) 8-1	M. L. Thomas 11
2. Aberdeen Rose (J. P. Haines) 8-1	M. L. Thomas 11
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100. Aberdeen Rose (J. P. Haines) 8-1	M. L. Thomas 11

Lochranza leads from the start to finish

Lochranza chalked up the 25th win of his career and the ninth at Ayr when overwhelming odds on Path of epace by seven lengths yesterday.

Leading throughout, Lochranza was strongly challenged by Path of Peace three furlongs from home but soon shrugged off his rival to go on to score impressively, giving Joe Carr, the successful trainer, a tremendous filly.

As Lochranza entered the winning enclosure, Mr. Carr, the manager and secretary of the course, said: "What a wonderful horse he is. Lochranza has already had a race named after him here but now we will have to think about naming another race after him."

Lochranza, the nine-year-old, is a lucky owner, picked up by Lochranza privately as a yearling. Lochranza's successes over the track include eight wins and one over hurdles.

Fascade was another winner for the in-form stable of Bill Watts when beating Winter Sun in the 1000 Guineas. Fascade, a half brother of Lochranza, has been named a place in the City and Suburban Handicap at Epsom on April 23.

Young Nicky Consort, who collected the eighth winner of his short career, was content to settle Fascade early on with Callidus, but the partnership showed with a clear advantage over a furling out.

Podolza, who eased in the market from 5-1 to 10-1, sprang a surprise in the Auchen Stakes when beating Larch Love by three-quarters of a length. American-born Podolza, who has been named a place in the City and Suburban Handicap at Epsom on April 23.

Podolza's victory provided the owner Jim Roy, chairman of farming company, with a first victory. The filly is trained by Mick Easterby at Farnham, Hampshire.

Lochranza, four-times successful on Saturday, gained his revenge when slumping Regency Prince and a half length in the 1000 Guineas. Lochranza, who has been named a place in the City and Suburban Handicap at Epsom on April 23.

Lochranza, who has been named a place in the City and Suburban Handicap at Epsom on April 23.

Folkestone selections

By Michael Seely

1.45 Swan Princess. 2.15 Remainder Imp. 2.45 Cornish Scot. 3.15 Al Kuwait. 3.45 Years Ahead. 4.15 Queen's Music.

Nottingham selections

By Michael Seely

2.0 Miss Quaver. 2.30 Black Pirate. 3.0 WILLOWBROOK FLYER is specially recommended. 3.30 Covhill. 4.0 Skewsbey. 4.30 Norfolk Flight.

Hereford NH programme

2.0 HAY HURDLE (Div 1: novices: £549: 2m)	
1. 122000	Field Game (D. J. O'Donnell) 8-1
2. 122000	Field Game (D. J. O'Donnell) 8-1
3. 122000	Field Game (D. J. O'Donnell) 8-1
4. 122000	Field Game (D. J. O'Donnell) 8-1
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41. 122000	Field Game (D. J. O'Donnell) 8-1
42. 122000	Field Game (D. J. O'Donnell) 8-1
43. 122000	Field Game (D. J. O'Donnell) 8-

Atlantic struggle to restrain forces of protectionism

Fairer trade is the world's aim

The opening weeks of the 1980s have been full of ominous rumblings on the international trade front. With the world's economic prospects looking decidedly grim in the wake of last year's massive increase in oil prices, the forces of protectionism have been gathering in strength.

On both sides of the Atlantic, in the two great trading areas of the United States and the European Community, industrial lobbies have been stepping up their campaigns to restrict allegedly unfair competition from outside.

The campaign of the American steel producers against European imports, the decision by the European Commission to keep low-cost American chemical fibres out of the British market and the seemingly daily appearance at the Commission headquarters in Brussels of delegations complaining that jobs are being lost because of imports of foreign-made goods—be it men's clothing from Romania or nitrogenous fertilizers from the United States—look like the initial skirmishes in a trade war.

Officials have been flying across the Atlantic to try to pour oil on the troubled waters. Mr Roy Jenkins, the Commission President, has raised the issue with President Carter. Viscount Etienne Davignon, the Industry Commissioner, has pleaded the case of Europe's steelmakers in Washington and in turn, Mr Rueban Askew, the United States' special trade representative, has toured European capitals to put forward his Administration's view of fair trade.

And it must be hoped that through this activity the important trading areas of the world will avoid taking the protectionist path which turned the 1930s into a decade of economic depression. The West's ability to resist protectionism since the recession of 1975 has been one of the unsung successes of international policy making.

If governments had followed the example of President Nixon in the early 1970s, international trade could have been poisoned by a proliferation of competing quotas and import taxes. Instead, at the beginning of 1980 a new round of tariff cuts and trading codes began to take

effect under the terms of the General Agreement on Tariffs and Trade (GATT), holding out hopes that international trade will become fairer, despite the difficult economic climate that prevails.

Nobody can pretend that the GATT agreement, reached after many years of difficult and unglamorous negotiations in the so-called Tokyo round, is perfect.

Although more than 100 countries were involved in what was billed as the biggest and most ambitious trade negotiation the world has ever known, the final result is to be seen primarily as an agreement arranged between industrial countries. Accordingly the outcome of the Tokyo round has been sharply criticized by the developing world.

But the sheer fact that the world's most important trading nations were able to reach an agreement that can be interpreted fairly as a serious attempt to restrain the forces of protectionism is of vital importance in itself and must be placed squarely against the apparent rapid growth of protectionist pressures since the approval of

the GATT round towards the end of last year.

It can be argued that the apparent burst of protectionist pressure since the beginning of this year is a perfectly normal testing of the new arrangements. Industries no longer feel constrained by the thought that their protesting too much about the rival's inroads on their markets could endanger the entire negotiation. Moreover, the very nature of the latest GATT agreement and the negotiation that preceded it almost guarantees quarrels and tensions.

The world did not negotiate about free trade, but about fairer trade. Free trade and protectionism are black and white concepts. Fair trade, however, is open to subjective interpretation, when it concerns issues such as an individual's material wellbeing, an industry's viability or a nation's prosperity, is invariably a subject for dispute.

To a certain extent the GATT agreement is an attempt to curb protectionism by an appeal to the principle of reciprocity. When talking about free trade or protectionism, one is normally dis-

not the decision to cut industrial tariffs by roughly a third, but to tackle the thorny question of non-tariff barriers to trade through various codes of regulation covering issues such as government subsidies, procurement policies, customs valuation and technical barriers to trade.

The problem with international trade and protectionism is that governments and organizations like the European Commission must invariably face two ways.

Everybody can be convinced at a theoretical level about the virtues of international trade and the evils of autarchy. But in today's world no nation could adhere to free trade policies in the way that Britain did in the late nineteenth century, when successive governments stood by and watched cheap food imports force the nation's agricultural sector into its present capital intensive pattern.

The right to work may not be anchored in every European constitution but it is firmly implanted in the consciousness of the people of Europe. When talking about free trade or protectionism, one is normally dis-

cussing whether a marginal bias towards free trade is to be replaced by a marginal bias the other way. These points may appear obvious. But it is worth recalling that protectionist ideas are as firmly planted in our system as are ideals of free competition.

The customs union for industrial goods that now embraces the nine countries of the European Community and the seven members of the European Free Trade Association, has been created alongside the strongly protectionist Common Agricultural Policy. Non-tariff barriers to trade are not just a problem at world level, but are also rife inside the Community itself.

The number of cases of non-tariff barriers being investigated by the Commission is more than quadrupled in recent years while one has only to look at a recent "buy British" campaign, sponsored by the United Kingdom's nationalized motor manufacturer to see how protectionist instincts come to the fore when business conditions deteriorate.

In this respect, perhaps, the most important achievement of

the world economic summits that have been held since 1975 has been to put on record each year the determination of the heads of government of the leading industrial nations to withstand protectionism and so maintain the Western world's marginal bias in favour of free trade. The year-old attempt to limit currency fluctuations in Europe, through the creation of the European Monetary System (EMS), can be regarded as another weapon against protectionist pressure.

Although the construction of the EMS leaves much to be desired—and the system has yet to be seriously tested by the foreign exchange markets—as long as it succeeds in reducing monetary instability, it helps to relieve the pressure of complaints about unfair competition from abroad.

Where specifically protectionist policies are pursued—such as the Davignon plan for the European steel industry—it is emphasized that measures are temporary and designed to surmount structural problems so that the industry in question can later stand on its own feet.

It is easy to take for granted the interdependence that exists within the industrial world and forget that the Western prosperity was based on the rapid expansion of world trade in the 25 years that followed the Korean

Mr Jenkins, the president of the Commission, put the point of the Western world neatly when he told the European Parliament in February that its economies and societies were rooted in the twin concepts of competition and operation.

To turn away from concepts would be to deny the basis of Western Europe's war success and make it difficult to spread prosperity to the developed part of the world. Withstanding protection while defending legitimate interests, may boil down to a lengthy tedious negotiation and a electoral disaster. But once has shown that in a national trade "war" war better than "war, war".

Peter Nori

Public seeks say in technological decisions

Governments bow to popular pressure

Refusing to ratify the Bonn Convention on desalinization of the Rhine, French MPs upset of their country's European partners and embarrassed their Government, France no longer the European's technical agreement have been this technical agreement

under which waste from potash mines was to be buried in Alsace had taken years of negotiations between experts to complete. The negotiators had been congratulating themselves on arriving at an almost perfect solution: no ecological danger, no effect on the salt market, no redundancies, funding shared by four countries so that the cost to each would be moderate. However, the technocrats had failed to build their fine construction on the consent of the people of Alsace, and it was the latter who demolished it. Their MPs convinced their parliamentary colleagues that the solution reached in Bonn three years ago was not the best available. In so doing they merely reaffirmed somewhat noisily the primacy of the representatives of the people over technocrats, even environmentalists.

This episode bears witness to the growing public intolerance of the so-called imperatives of science and technology. We have indeed left behind us the idyllic days when dazzled populations applauded the fireworks display of progress.

Ordinary people have changed. In Europe and North America at least, they leave school at a much later age and, whatever may be said to the contrary, they remember something of what they learn. All the people can no longer be deceived all the time. They have been able to observe, among other details, that every discovery brings its quota of future misfortunes, although these cannot be predicted at the outset. Coal-seams filtered fire-damp, the finest dams eventually yield, the wonderful motor car can be an instrument of death.

As M. Jean-Jacques Salomon observed in a recent issue of *Futuribles* dealing with the

subject of technological risks, profits and losses used to be the key to these matters. Nowadays, however, the general public are much more fastidious in their scrutiny of the accounts presented to them.

Their circumspection is all the more justified in that progress is so skillful in dissimulating its harmful consequences. Radioactivity, for example, from nuclear installations cannot be detected by the human nose. And we now know that it will be our grandchildren who are going to have to foot the bill for genetic meddling and mutations caused by ambient radiation.

People in recent years have already vaguely worried about the accelerated pace of change in habits and habitat. Now they can no longer be certain of survival through their descendants. It is in this kind of reason that they have become so much more demanding over the past 10 years.

The man in the street wants to know what "they" have in store for him, to understand the whys and wherefores of decisions, and even to be involved in decision-making. He is no longer satisfied with nineteenth-century style democracy by delegation.

Even the Swedes are disenchanted because the most advanced democracy in the world has ultimately distanced the ordinary citizen from the decision-making centres in his local community and his company. The political class—even the socialists, and especially them—stands accused of being in league with the technocrats.

No governments have made the running by stimulating the desire for participation, but most—except of course the totalitarian ones—have been obliged to respond to it. A report published by the OECD, *La technologie contestée*, attempts to make an assessment of these efforts.

Although the style is heavy and the content is not compre-

hensive, it is the best survey of the subject available today. It is a mine of often little-known information about what has been done in various countries.

The first barrier that governments have agreed to lower is administrative secrecy—no longer without reluctance. In the United States, the pioneer in this field, it took 20 years of debate before Congress passed the Freedom of Information Act, and 10 more years before it was put into effect. Sweden, Finland, Denmark, Norway and Austria have in turn passed legislation giving citizens the right of access to official documents.

The French Parliament followed suit in July 1978. Curiously enough this very process of reform passed almost unnoticed. Ministerial orders implementing it are proving slow to materialize, and the civil servants and holders of local elective office convey the strong impression that they are doing their best to rebuild the "wall of silence" in France by inventing as many exceptions to the rule as possible.

One of the most important innovations of the past decade, which also originated in the United States, has been the environmental impact studies procedure: this has been adopted in Australia, Canada and France, and is under consideration in Britain and Japan. It obliges all public and private promoters of projects to evaluate the consequences of their planned developments: these diagnoses, together with the remedies proposed, are intended for the public as well as for those who take the final decisions.

In France, for instance, 4,500 of these impact studies are produced every year. They are of mediocre technical quality. The public and the administration are ill-equipped to judge validity and they are often used as a smokescreen, but they nevertheless represent a perfectible

instrument for monitoring the effects of technology.

When, having to deal with major innovations like the conquest of space and civil applications of nuclear energy, some governments have gone a step further by organizing vast information campaigns of their own. Probably the most remarkable example was the programme started by NASA in 1960 to persuade the American people that space technology would be enormously beneficial in terms of useful spin-off.

The good news was relayed by the tom-toms of the world's media. Today, people are disillusioned to observe that their day-to-day existence has not changed, but that the sky is cluttered with spy satellites which hide no good. In fact all the publicity was a cover-up for the military colonization of space.

As much greater interest—and usefulness—are the steps taken in Sweden, West Germany, Austria, The Netherlands, Denmark and Canada to promote intensive debate on the pros and cons of nuclear power. In each case it has been the government which has taken the initiative and provided the finance.

The Swedish Government organized its campaign through a century-old institutional structure: the people's study circles, these being independent associations which the public were invited to join and which were liberally provided with documentation and funds. Meetings and public hearings were held over a two-year period before the Parliament adopted a nuclear programme, which is still only provisional.

In West Germany it was the Ministry of Science and Technology which set up the *Bürgerdialog* (dialogue with the citizen) project, which was the president by establishing a million copies of technical brochures and organizing about 40 seminars and public debates in which the minister himself, Herr Hans Matthöfer, took part.

The political parties, trade unions and churches were encouraged to organize their own information meetings. From 1973 to 1978 the Federal Government spent the equivalent of £2m on informing public opinion. When a proposal was put forward for the establishment of a nuclear fuel reprocessing plant at Gorleben, a working party of international experts was established to advise, and found the site unsuitable. The *Länder* of Niedersachsen accepted their advice.

In Austria public debates were held on television for two years before a referendum was held. The Danish Government's approach was to set up an energy information committee on which it was not represented, and allow it a substantial budget (equivalent to £180,000) with which to organize meetings, provide assistance for relevant associations and publish basic literature.

In Canada a nuclear information committee was established in 1978 with a budget of Can\$200,000. However, a nationalized electricity company, Ontario Hydro, has already given a lead by promoting the setting-up of citizens' committees to advise it on the choice of sites for power stations and high-voltage lines.

In the Netherlands the great debate has just started and it will continue until 1981, when the Parliament will vote for or against a nuclear programme.

It will be clear from these examples how far behind France is in the nuclear debate. The OECD report, which can be taken as unbiased, notes that France is the only member state which has no overall legislation on atomic energy. All the big decisions have been taken by the administrative authorities. The Parliament has never voted on the nuclear issue.

As for the electro-nuclear information council set up on the initiative of the President of the Republic, its founders are saying nothing. But it is known for what it is, namely a diversionary device which should rebound in the discredit of its organizer and those responsible for its administration.

Increasing power of Italian trade unions

Ideology changes at top

What has changed in the relationships between trade unions and employers in Italy over the past 10 years? The most obvious aspect is the great increase in power of the three central confederations: the Social-Communist CGIL, the CISL—which has a strong, but not prevalent, Christian Democratic flavour—and the UIL, in which socialists, social democrats and republicans all live together.

Trade unionists are today present in all establishment headquarters, and in all public bodies; because they are in the majority they control the INPS (the pensions institution that administers millions of millions of lire a year); they are represented on the Inter-ministerial Prices Committee, and on the commissions which regulate the country's economic policy, and on the boards of the universities.

Men of the CGIL, the CISL and UIL also sit on the boards of management of La Scala theatre in Milan and the Venice Biennale. Trade union leaders (who are obliged, because of the terrorist threat, to travel in bullet-proof cars) deal directly with the Government, and on at least two occasions in recent years general strikes proclaimed by the trade unions have accelerated the fall of governments already in danger.

The increased power of the unions in the establishment has been accompanied by a loss of influence on their membership at local level and a decline in their credibility in the eyes of the public, which considers them in part responsible for Italy's economic difficulties. Against this, the trade unions have a virtue it would be ungenerous to ignore: in these years of spreading terrorism they have provided an element of democratic stability in contrast to the erratic behaviour of the parties.

Marc Ambroise-Rendu

Having acquired power, the unions have been faced with the problem of how to handle it. For much of the 1970s, and up to the middle of the 1970s, trade union action was directed mainly at changing society through destabilization of the system. These were the years of the "independent variables". The best known of these was wages which, it was said, were detached from any general economic policy, and unlinked to industrial productivity.

About 1975-76, a period of reflection began, and this was determined by at least two main factors: the changed attitude of the Communist Party towards the Government—the "historic compromise"—that is, or policy of involvement—and the growing pressure from the underprivileged classes, from the young to the jobless of southern Italy.

Heated by the changed relationships of power within society, the trade unions started to pay greater attention to general policy questions, from investment to accumulation. At the beginning of 1977 this new orientation was endorsed by the EUR assembly, so called from the name of the Roman palace where the meeting of 3,000 trade union delegates from the CGIL, CISL and UIL took place. As the trade unionists have admitted, the results did not equal the hopes and ambitions. Today, in the Italian trade union confederations, there are many who maintain that the "EUR line" needs to be brought up to date.

But, results apart, there is no doubt that in recent years there has been an ideological change in the Italian trade union movement. However (and this is one of the aspects that the employers particularly emphasize) this change is not filtering very easily down to local level and is creating difficulties in relationships between the confederations and the different trades and their memberships. Other words, two-way communication exists at top level between trade unions and industrialists, but in the fact the relationship is still in conflict.

When the national agreements were last revised in 1979, the trade unionists strengthened their for intervention in the formation of a but, the private and public aspects of industrial policy as investment and the labour force are no subject of what amounts to negotiation.

This rigidity (in some it is difficult to move even from one sect another in the same way) has given a strong impetus to decentralization—the c of a host of small firms more easily evade trade control but which at farther and into the "black labour".

The trade unions are starting to reflect on the healthy effects of their rigidity. Are we a second big change? Or are we in conflict. In the many industrialists, the is one of form and not substance. "We are in use the same words, b meanings that still differ widely".

However, words of mobility, productivity, lity—in the use of labour management of the working—and capitalism no longer appear at trade union lies. And if that is true might it not be a step or at least a ray of such a step, towards better dustrial relations?

Sergio De



An inquiry into a proposed nuclear power station to be installed by the French Electricity Board near Plogoff, Brittany, provoked this demonstration.

WHEN IN EUROPE, DO AS THE EUROPEANS DO

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SW: the normally prudent Phil
 should not be tempted
 the grumpy meaning is the
 effect one, although it is predom-
 inantly the current one.

It is not the first word, by a
 means, to have done a semantic
 overhaul, but what struck
 me Longland and myself, discus-
 sacking here a few years ago, was
 how quickly its meaning has been
 completely reversed since the war
 and our resultant puzzlement to
 understand the should be so com-
 monly understood while proclaim-
 ing how chuffed they were.

As for the words military back-
 ground - during six years in the
 I never heard it used ex-
 in the sense of "extremely brown-
 ing".

For connoisseurs of class
 it was noticeable that with
 the stiff-upper lippered officer cor-
 was my chuffed at reversals
 and that these were invariably
 de chuffed a

ours faithfully,
 COM RAISTOW,
 Avile Club,
 9 Brook Street, SW1.

هكذا مضى العمل

exposes the tortured personality of the world's
greatest detective



Holmes and Watson during a quiet moment in their Baker Street rooms

... when I find a man who keeps his cigars in the coal-scuttle, his tobacco in the ro-end of a Persian slipper, and his unanswered correspondence transfix'd by a jack-knife into the very centre of his wooden mantelpiece, then I begin to give myself virtuous airs. I have always held, too, that pistol practice should be distinctly an open-air pastime; and when Holmes in one of his queer humours would sit in an arm-chair, with his hair-brigger and a hundred Boxer cartridges, and

By contrast, the doctor points out, Sherlock Holmes was driven to display his unique gifts in public—a born performer, delighting in an audience, even if it consisted only of poor old Watson, or some Scotland Yard booby. "I always had to place myself as if in some drama: ridiculous passion with disguises, often quite unnecessary; indulging in vanity and causing himself irreparable harm in the process."

But the damage Holmes did was not confined to himself.

Watson's house and after hinting darkly at attempts on his life persuaded the doctor to accompany him on a European tour. He then "introduced" Watson to the master criminal he called Professor Moriarty: "You have probably never heard of Professor Moriarty. . . . He is the organizer of half that is evil and of nearly all that is undetected in this great city. . . . I was forced to confess that I had at last met an antagonist who was more intellectual than I." Holmes went on to describe how he had drawn his not round Moriarty and how, with three

of Late Estrene, would admirably suit Holmes's requirements, and he had not time to call, to my horror, I read in *The Times* of 7 May that Mr Sherlock Holmes, the private agent of international repute was missing presumed dead in the neighbourhood of the Reichenbach Falls in the Bernese Oberland. I went immediately to see Mycroft Holmes to ascertain what had happened: he was somewhat evasive and I could discern from his manner that the newspaper report was mistaken. Finally, after much close questioning, I prevailed upon

story about how Moriarty had died at the Ruichenbach Falls while he himself had escaped in spite of the efforts of one of the professor's gang. Then Watson learnt that Mycroft had known all along that his brother was not dead, and finally there was Holmes's cock-and-bull story about his three missing years :

" I travelled for two years in Tibet . . . and amused myself by visiting Lhasa and spending some time with the head Lama . . . I then passed through Persia, looked in at Mecca, and paid a short but interesting

As I have said, these fascinating insights into the life of Sherlock Holmes are drawn from mere fragments of the Agar papers. It is hoped that a more complete record will be published in the near future.

David Sinclair, 1980

erty could be waived by that
albeit that his right to that

erty could be waived by that
albeit that his right to that

Regina v Henn and Regina
Barry (March 28) counsel ap-
pears for the appellants before the
House of Lords on the conso-
lidated appeals were Mr Al-
campbell, QC, Mr Louis Schaff-
er and Mr Ernie Money.

Fashion from Paris by Prudence Giynn will appear on Thursday.



Trade gap narrows

The Soviet Union and Eastern European deficit on trade with the West fell to an estimated \$6,000m (£2,777m) last year compared with \$8,000m (£3,704m) in 1978, according to the United Nations Economic Commission for Europe's annual survey.

The Soviet Union accounted for all the improvement although its total debt by the end of last year is expected to have risen to \$57,000m (£26,388m).

While foreign trade growth targets have been maintained at or slightly above 1979 levels in East Germany, Hungary and Poland, a marked reduction was expected elsewhere, particularly in the Soviet Union.

Less Kuwait crude

Royal Dutch/Shell and Gulf Oil are to sign contracts this week with Kuwait for much lower supplies of crude oil.

Algeria cuts oil output

Algeria's state oil company is to cut production for technical reasons by 2 or 3 per cent this year from an output of 57 million tonnes in the past two years.

Brazil strike

Nearly 45,000 Brazilian metalworkers, many of them employed by Ford, General Motors, Volkswagen, Mercedes-Benz and Saab-Scania, have voted to strike for higher wages.

Turkey credit talks

A delegation from the International Monetary Fund will begin talks in Ankara on April 10 on a projected new three year standby credit agreement for Turkey.

French lending curbs

The French Government has announced new measures to bank lending further in an attempt to limit the growth of the money supply to 11 per cent this year.

Jamaican credit

Jamaica has started negotiations with its main commercial creditors for a five-year deferment of \$186m (£86m) in loans due for repayment by 1985.

International Cocoa Agreement expires after disarray on support terms

Cocoa prices go in the melting pot

At midnight last night the International Cocoa Agreement, which has run for five years, was due to expire because the producers and consumers have failed to agree on a new minimum intervention price for buffer stock operations and on a proposal to extend the existing agreement until a compromise can be reached.

From today the agreement is effectively dead and it remains only to wind up the operations of the International Cocoa Organization (ICCO). This includes disposing of the \$220m (£100m) buffer stock fund which has accumulated over levies on the cocoa producers.

Mr Jurgen Plambeck, the buffer stock manager, has said that the fund will be redistributed among the producers in proportion to their contributions, Ghana about 28 per cent, Brazil and the Ivory Coast 21 per cent each, Nigeria 18 per cent and Cameroon 9 per cent.

The hope is that about 40 per cent of the fund might be disbursed by June, with the rest being redistributed by March 1981, but it will be a difficult and complicated process. Of immediate concern is what will happen to cocoa prices.

The overriding opinion in the trade is that although there will be much nervousness, with consequent fluctuations in the

price, there will be overall stability while the organization is dismantled. Obviously, the first job for the producers is to agree medium- and long-term strategies for marketing; the Cocoa Producers Alliance will no doubt meet as soon as possible.

One possible proposal on the agenda is to form a fund to support cocoa prices, on the lines of the "Bogota fund" which leading coffee producers have been establishing.

A long session of ICCO's executive council ended on Saturday without deciding on a new minimum intervention price for buffer stock operations.

The producers wanted the consumers to agree to a new minimum price of 120 cents a pound before any talks on a new Geneva agreement. The consumers wanted the present pact to be extended on the basis of a negotiable minimum intervention price of between 110 cents and 120 cents.

Another proposal from Brazil was to extend the present pact without its economic clauses. This would have meant liquidation of the buffer stock and the proposal did not gain the necessary two-thirds agreement of the council.

It is understood that Ghana, a large producer, was more willing than others to

compromise with the consumers on the ground that a strong alliance among producers was complementary to cooperation with the consumers rather than an alternative.

Delegates of both sides generally agreed that the collapse of the agreements could have serious consequences for other commodity agreements.

But Mr Kwesti Hackman, executive director of ICCO, remains convinced that the collapse of the talks does not mark the end of cooperation between producers and consumers.

He said: "Cocoa is a commodity which by its very nature necessitates cooperation between producers and consumers. Their interests are not competitive but complementary because cocoa is produced by countries which do not consume it, and consumed by countries which cannot produce it."

There is talk among some delegates that after the collapse there might be approaches by governments to the secretary-general of Unctad for a start to be made on talks on a new cocoa pact. Other delegates believe that the organization might be saved, but without the buffer stock.

Wallace Jackson

Urgent moves to speed safety certificates

By Derek Harris

Emergency plans to reduce the worst delays in issuing safety approval certificates for equipment made by British companies are being considered by the Government as a result of problems facing the British Approvals Service for Electrical Equipment in Flammable Atmospheres.

An interim report from a study group set up by the Department of Employment after complaints particularly from the British Electrical and Allied Manufacturers' Association has been put together in only two months because of the seriousness of delays sometimes of up to three years for certification at the approvals service's headquarters at Buxton, Derbyshire.

As a temporary measure the group is believed to have suggested that some of the private testing facilities in Britain should be used to back up the work at Buxton. At least one or two of these are likely to measure up to the high standards of work demanded in certification.

A company cannot sell goods either in Britain or abroad until it gets a certificate and although a company can go abroad for certification there are difficulties in doing this. One is that British certification is highly prized in industry because of the British Approvals Service's acknowledged standards of excellence and the other is that some

equipment is so cumbersome that getting it abroad for certification can be difficult and costly.

British demand for certificates—covering many products from flameproof motors to under-voltage televisions—has been estimated at about 900 requests a year but the approvals service's capacity has been around 500.

The study group has been investigating the current situation but earlier indications were that last October there were 760 applications awaiting approval, some outstanding from several previous years. Still not dealt with at that time were 46 per cent of 1978 applications and 23 per cent of 1977 applications.

A few dated back even further, although the approvals service has been able to deal with some applications within six months of submission.

One issue the study group is investigating is whether the service's capacity for processing applications should be increased. It is staffed by civil servants and administered by the Government's Health and Safety Executive.

Increasing the establishment there could run into difficulties because of the tight rein on public expenditure but it is likely to be argued that extra spending to speed up the certification process could have a direct impact on British companies' prospects for improving exports.

Post Office denies it wasted Prestel lead

The Post Office and the National Enterprise Board's

Aregon (formerly Inspec Viewdata) subsidiary yesterday denied suggestions made by Mr Alex d'Agapeyeff, chairman of Computer Analysis & Programmers, that the opportunity of effectively exploiting the Post Office's Prestel viewdata technology had been "squandered".

Speaking at the final session of the Viewdata '80 conference at Wembley Conference Centre last week, Mr d'Agapeyeff said: "Viewdata is another British example of poor commercial exploitation of a brilliant pioneering development."

A vast lead had been established in the general field of data retrieval, which might have been sold worldwide as an "information Coca-Cola", but poor marketing and squabbling between industry participants have so far squandered that opportunity.

The CAP chairman credited the Post Office with developing an unequalled system for the layman to gain access to a computer database. "Unfortunately the rest of the story is all downhill."

In France or Japan the government would have coordinated a clear plan of exploitation and won the cooperation of the local terminal manufacturers, computer companies, information providers, software houses and the Post Office. The goal would have been to boost national employment, profits and exports.

Technology News

"Alas, Britain does not have such government. Looking back, it is surprising that Aregon was allowed to apply public money to implement Prestel standards on both American computers and American terminals."

The British Post Office had also been strongly committed to the domestic market for Prestel, Mr d'Agapeyeff said, but that market was very small—and would continue to be very small until the cost of terminals fell.

Mass home-use of Prestel needed to be stimulated by "strong selling themes" such as gambling, games and education, but suitable themes had not emerged in Britain. The bold French attempt to replace printed telephone directories by Prestel-type telephone arrangements was a good example.

The first market for viewdata could only be in business, Mr d'Agapeyeff said. Most executives were primarily interested in gaining access to their own company's data, and the option of access to Prestel would be a supplementary benefit.

A Post Office spokesman yesterday strongly denied the CAP chairman's allegations of weak exploitation of Prestel technology. "We have at least a two-year lead over our nearest rivals, the French," he said. "They have not even got a public service."

While the French had talked about their planned future systems, the British Post Office had launched the world's first public viewdata service.

On the subject of Prestel systems implemented on American computers and terminals, Mr Anthony Chander, managing director of Aregon International, said yesterday: "We make money for the United Kingdom from viewdata software exports—and wherever possible we very firmly offer British hardware."

Solar

A group of Japanese companies has begun work on an experimental solar-powered seawater desalination plant for the Japanese government on Takami Island. The plant is expected to begin test operation in about October, producing an output of about 20 tons a day.

Collection of solar heat and desalination of seawater are to be carried out separately. This "indirect" method is claimed to be 10 times as efficient as the direct method—in which seawater in a glass chamber reinforced by aluminium is directly desalinated by solar heat.

Two types of desalination technique will be used in the new plant, which is expected to pave the way for much larger, commercial systems. One unit to be made by Sasakura Engineering, uses the evaporation technique; the other, made by Hitachi and Babcock Hitachi, uses ion-exchange membranes.

Boats

Boatbuilding is the latest industry to embrace the technology of computer aided design (CAD) with the assistance of the Department of Industry's Computer Aided Design Centre in Cambridge.

Small boatbuilders, currently experiencing shortages of skilled manpower, recently attended a seminar run by the centre to illustrate potential applications.

The computational design power of CAD is able to easily produce preliminary sketches of boats, make templates for manufacture and respond to changes in design parameters by showing pictorially the effect of those changes.

The secondary feature, where the data are used as input to a manufacturing process—as in the case of the production of templates—is the corollary of the design stage and one which the centre is providing in its computer aided manufacture (CAM) software.

Both the CAD centre at Cambridge and the National Engineering Laboratory in East Kilbride have recently responded to the recommendations of a January report by the Advisory Council for Applied Research and Development (ACARD) that the two should be merged into an Institute for Computer Aided Engineering. The Department of Industry is studying that response.

Kenneth Owen and Bill Johnston

LETTERS TO THE EDITOR

Possibility of foreign ownership of British Aerospace shares

From Mr Robert Atkins, Conservative MP for Preston North Sir, Since many of my constituents work in British Aerospace's Warton Division, I should like to comment on the letter from Squadron Leader Bedford about the future of British Aerospace which you published on March 24.

Squadron Leader Bedford says that the British Aerospace Bill contains no defined minimum percentage of government shareholding, and nothing which prevents the possibility of foreign ownership.

It is true that the Bill itself does not lay down a minimum for the government shareholding in British Aerospace Ltd, but ministers have repeatedly stated that they will hold about half the equity when shares are initially offered for sale, and that while they might sell further shares in the future they will always retain a holding of more than 25 per cent.

There can therefore be no doubt about the Government's determination to retain a substantial stake in the industry. The figure of over 25 per cent is of particular significance in the context of the Government's measures to ensure that British Aerospace Ltd does not fall under foreign control. The company's articles of association will contain provisions

which set a maximum limit of 15 per cent on the proportion of voting shares which can be held by foreigners.

Ministers have said that they would if necessary vote their shares to prevent any undesirable amendment to these provisions, and a holding of over 25 per cent is sufficient to block any amendment to the articles.

The specific article restricting foreign ownership was extensively debated during the proceedings of the British Aerospace Bill Committee, of which I served. Its provisions have been developed from precedents which already work effectively for many companies and they have been drafted very carefully to prevent evasion.

For example, the definition of ownership and control have been drawn very wide, so that shares will be classed as foreign-held not only where the nominal holder is a foreigner, but also where they are held by trusts, nominees or corporations in the United Kingdom and control actually lies abroad.

No share will be registered (that is, will not confer a right to vote) unless information has been furnished to the directors of the company to enable them to establish whether or not the share is

foreign held, and the directors will be under an absolute obligation to register any share which would bring the total shareholding above the cent limit.

In addition, ministers undertake that they will exercise their voting rights to the election to the board a director representing interests of a substantial foreign shareholder.

For example, Sir Joseph, the Secretary of State for Industry, made this during his speech on introducing the Bill on November 20.

As Squadron Leader says, British Aerospace is a successful, profitable industry which makes a major contribution to our economy and to our defence.

I believe the Government policy will strengthen company and ensure a future for it by putting possibility for this key where it should be—hands of those who must work in the industry leaving it free to develop according to its own interests.

Yours faithfully, ROBERT ATKINS, House of Commons, London SW1A 0AA.

When not buying British goods can be a disastrous experience

From Mr Derrick Simon

Sir, In spite of our desire to buy British, in view of the bad publicity which British cars and commercial vehicles have received, we reluctantly decided to experiment with Japanese and German commercial vehicles. It has been a most disastrous experience!

As far as the Japanese vehicles were concerned, the absence of a replacement lay shaft resulted in one van being off the road for a period of no less than five months. Two vans were off the road, again waiting for parts, for a period of eight days.

The German van having done 2,000 miles had the exhaust bell off which was refitted and we were told that the fault had occurred through bad driver performance in allowing the engine to idle. After a further 2,000 miles the exhaust broke again and the same excuse was used. We refused to accept the explanation and have now been told that the car manufacturers have found a fault in the sup-

port of the exhaust system which has caused extreme vibration, and that they are redesigning it.

These vehicles have been British, there would have been a bus and cry, but there very rarely seems to be any adverse publicity given to defects in foreign vehicles. Whatever happens we, as a company, have learned our lesson and will in future be buying only British vehicles and regret the mesochistic attitude adopted by the media generally.

Yours faithfully, DERRICK SIMON, Managing Director, University Tailors, PO Box No 157, Larn Lane, London SW8 1UD, March 27.

From Mr Paul Reeve

Sir, On February 19 you published my letter regarding BL's "Buy British" advertisement. Having been somewhat critical of British industry I had hoped that I would be deluged with

leaflets extolling the performance and cost saving of their products.

I have in fact had no responses; first, telephoned from Peugeot and Fiat offering to replace my cars with their product BL a deadly hush—Sir, do you want to see our fields?

Secondly, a telephoned from the chief executive of Ld who thanked me for the praise of the Creta dryer and expressed his apologies for the poor performance. He was swiftly followed by a letter enclosing a cheque for the toaster to be repaired. A man effort which will ensure that our customers' future purchases I will their product range.

Yours faithfully, PAUL M. REEVE, Managing Director, Toltec Data Limited, 24 Thompson's Lane, Cambridge, CB5 8AQ, March 25.

Trading difficulties

From Mr Colin Dauris

Sir, Most of us who run small businesses share Mr Edward Frewin's concern (March 20) about various circumstances which make trading difficult and which to some extent result from government policy. Two points in his analysis, however, are unhelpful towards improving understanding of our position.

I assume usury to be the immoral practice of conspiring to lend money at extortionate rates of interest. A rate which is just a few per cent over the expected rate of inflation is not extortionate. It is dishonest for businessmen to think that they should borrow for less. There are problems associated with inflation at current rates but these will not be solved by abusing lenders.

Mr Frewin's second exceptional statement is more dangerous. It is that sensible policies maintain the delicate balance between monetarism and planning the economy. Even if this is the view of most of the business community in this country, I find it hard to believe that it is the view of most

independent businessmen or of those who aspire to starting on their own.

"Monetarism" is shorthand for recognition of the quantity theory of money which describes the generally accepted relation between the quantity of money and its value. Central banks planning monetarist interventionist policies which restrict the market where consumers are able to express their preferences. The economy becomes debilitated by the proliferation of non-marketed goods and services while the lawful opportunities for new businesses to start and for existing small businesses to expand are reduced. Such planning may be imposed by those who recognize the quantity theory of money as well as those who do not.

In either case small businesses suffer and so does the nation as a whole.

Yours faithfully, COLIN DAURIS, Goodalls, Middle Street, Newing, Essex, March 25.

Fairness of Greek tariffs

From Mr Anthony Holland

Sir, I find the defence of the Greek government's tariff policy by Mr Chloros (March 27) quite extraordinary.

In the normal course of events, we are substantial sellers of British wool cloth to Greece in spite of import duties effectively totalling over 20 per cent and notwithstanding the fact that there is a very efficient local industry.

However, in December 1979, Greece added a further luxury tax of 25 per cent on our cloth and a requirement of a cash deposit of over 130 per cent of the value of the goods to be

held frozen by the Greek Bank for six months. I am aware that this is subject to review sometime in the future but it should never have been allowed in the first place, particularly as Britain allows imports from Greece on such a liberal basis.

Thus, for the time being, Greece has ceased to be a market for our cloth. Is this fair?

ANTHONY HOLLAND, Chairman, The Lincoft Kilgour Group Limited, 7/8 Warwick Street, London W1A 3AQ, March 27.

Road chaos from tunnel closure

From Mr Jack Brown

Sir, Those of us who have to move goods around Greater London by road have become injured over the years to the constant battery of criticism we receive from transport "commentators"; some are more well-informed about the realities of commercial life than others. In the latter category one has long been inclined to include most London politicians at whatever level.

It was thus doubly welcome to see the joint letter from two London MPs, Mr Townsend and Mr Bottomley, which not only recognized that "London's economy is dependent upon efficient road transport" but also the considerable problems that vehicles have in coping with a road network that has changed little since the horse and cart days.

We have reached the stage where the breakdown of a

car on a key stretch of road, let alone an accident involving several vehicles, can cause chaos for miles around. Maintenance works can involve detours of miles, and require the precision of military planners to circumvent. Crossing the Thames in inner London by lorry was made difficult by the closing of Tower Bridge to vehicles of more than five tons.

It will be well-nigh impossible once the Rotherhithe Tunnel closes for nine months for repairs, as it is scheduled to do next August. Has any thought been given to the possibility of keeping the tunnel open during daylight hours, to minimize the disruption, even if the maintenance work had then to be done at night and took longer?

It seems that congesting in London throughout the working day is now accepted by British

industry as a fact of life. It has all the inevitability of weather—and is equally our control. Costs incurred are simply added to the overall cost of the car being moved.

Perhaps it is too late to change the London network to the name. But it ought acknowledged, particularly politicians with less than your correspondent the result of failing to such roads is a continuous decline in the economic of our distribution of life in London itself.

Yours faithfully, JACK BROWN, Chairman, Atlas Express Ltd, Canon Beck Road, Rotherhithe, London SE16 1DG, March 27.

Further advance in all sectors

Extracts from the Statement by the Chairman, Sir Patrick Reilly, B.C.M.E., D.L.E.

1979 saw a radical change in the economic policies of the United Kingdom government. We also saw important changes in the framework within which banks operate. We wish these new policies success.

The total assets of our bank increased from £769,296,000 to £948,614,000, shareholders' funds from £33,526,000 to £39,404,000 and profits before tax from £4,016,000 to £5,749,000. Profits after tax have increased from £3,473,000 to £5,079,000. Our paid-up capital was increased by £5,000,000 and our reserves have increased to £15,409,000. Our issue in August of £75,000,000 in floating rate CDs was the largest such issue ever made on the London Market. We have substantially increased our customer base and have developed our business satisfactorily in all sectors. We are a leading member of the Foreign Exchange market and amongst our many other expanding activities our Commodities and Leasing departments have shown noteworthy progress.

Our Representatives in Birmingham, Edinburgh and Leeds have had another successful year.

We are proud that our new building has received the only Civic Trust Award in the City of London in 1979.



After nineteen years at the head of our Bank Monsieur Gilbert Géas retires as Managing Director. We wish him all success in his new post as Chairman of BNP's newly-acquired bank in California, Bank of the West. We are delighted that he should be succeeded by Monsieur Michel Berger who needs no introduction to the City of London.

Having reached retirement age I am proud to hand over the Chairmanship of the Bank to Lord Hunt of Tanworth. I have every confidence that under his new leadership the Banque Nationale de Paris Ltd will enjoy still greater success in the years ahead.

Banque Nationale de Paris Limited

Head Office
8-13 King William Street, 60 Brompton Road, London SW3 4HT.
Tel: (01) 626 3672.

Knightsbridge
21 Melville Street, 27 Park Row, London SW3 1BW.
Tel: (01) 599 4491.

Representative Offices
21 Melville Street, 27 Park Row, Edinburgh EH3 7PE. Leeds LS1 5QB.
Tel: (051) 226 3388. Tel: (0532) 443633. Tel: (021) 236 9735.

BNP Group Head Office, 16 Boulevard des Capucines, Paris 75009

Total Group assets as at 2nd January 1980 £42,000 million

Copies of the 1979 BNP Limited Annual Report and Accounts are available from the Company Secretary.

Federated Land & Building Company Limited

Year to 31st December, 1979

Profit before tax	£957,000 (£914,000)
Plus Exceptional Item	£155,000 —
Earnings per share	8.79p (4.42p)
Dividends per share net	3.15p (2.73p)

- * Rents from investment properties increased to £209,000 from £196,000.
- * Net assets including revaluation are £12,886,000 (121p per share) compared with £4,999,000 (48p per share).
- * UK land supply for private housing very healthy and first residential development in France completed.
- * Hempstead Valley Shopping Centre completed, fully let and trading most satisfactorily.
- * Hempstead Valley Shopping Centre won the I.C.S.C. award for the best Shopping Centre to open in 1979 in Europe.

SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the One Hundred and Fifty-ninth Annual General Meeting of the Members will be held in 150 St. Vincent Street, Glasgow G2 5NQ on Wednesday 16th April, 1980 at Noon.

By Order of the Directors

W. PROUDFOOT

General Manager and Secretary
150 St. Vincent Street, Glasgow,
G2 5NQ 14th March 1980.



FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Steel decision helps equities advance

The steelmen's decision to return to work after the independent inquiry brought relief to the stock market yesterday. But trading remained thin.

Equities advanced in quiet trading, while gilt, which had experienced some buying in a thin market, continued to make further headway.

Trading had once again begun in a subdued mood, affected by technical factors including the four-day working week because of Easter and settlement day. Jobbers had marked prices lower from the outset following further gloomy news of the budget, but then changed their minds in the absence of any sellers.

However, still no buyers appeared and brokers were left with the usual seasonal bed and breakfast deals and a mass of company results to enliven the proceedings.

But it was the IST's decision to recommend a return to work by its members after a 15.5 per cent award by Lord Lever's independent inquiry that finally tilted the balance.

Shares of Charterhall rose 5p to 70p yesterday ahead of the interim figures today which should show another loss. Talk in the market suggests a bid is on the way. Its Buchan Field interest could point to a value of about 100p a share.

However, despite prices being marked even higher it failed to bring in much business and what did appear was highly selective.

So as sterling continued to wilt and Wall Street showed some signs of another rally, the FT Index closed at its high point for the day 3.5 up at 427.0.

reported better conditions among gilt-edgeds, where prices moved higher on a brief front in thin and sensitive conditions.

In long rises of between 1/2 and 1/4 were reported as a steady stream of buyers pushed them up to close at the top.

At the shorter end things were a little quieter although some "switching" was encountered and variables attracted interest.

In the event, gains of about 1/2 were noted throughout the list. Leading industrials encountered some selective buying and were generally firmer where tested. ICI closed at the top, up 1/2 p to 366p with Beecham at 118p and GKN, reporting later this week, at 258p, both 3p up. Fisons rose 2p to 256p along with Distillers at 197p, but Glaxo at 240p, Unilever at 408p and BATs at 226p were all unchanged.

Shares of Howard Tenens, a recent takeover counter, fell 5p

to 65p following the news of its cash call to shareholders for £1.4m. The market currently fears a glut of rights issues, while interest rates remain at their present levels.

Among companies reporting, Booker McConnell rose 6p to 223p despite disappointing full-year figures with the market warming to its proposals for a scrip issue.

Others to benefit from satisfactory trading statements included Bryant Holdings, 3p better at 63p, Macfarlane Group, up 2p to 102p, Low & Bonar, 4p to 174p, Glyndwed, 1p to 96p, and Ocean Transport, a penny higher at 107p. Making a small leeway after their announcements were Eileo at 68p, BBA Group at 44p, Federated Land & Building at 62p and Rockware, all 1p to 2p firmer. Only Reed Executive, slipping 1p to 86p, failed to make any impact.

Bernard Matthews, rising 15p to 310p, continued to benefit from the praise for its recent improved performance and scrip issue plans. BICC, reporting later this week, edged ahead 4p to 113p and Silkestone, with figures out today, climbed 8p to 126p.

Northwest Hoist dipped 5p to 125p as the group's attempt to go private received a last-minute hitch, but the resignation of board members helped Camrex to a 2p rise at 35p. Further reflection of Godfrey Davis's £22m deal with Renault helped the shares another 5p to 173p, as the partial bid for 1 Barget from Tinnox of Hong Kong improved the shares 4p to 15p.

A look at financial futures for London

By John Whitmore

A working party has formed to look into the possibility of establishing a financial futures market in London.

If the hopes of its chairman, Mr. John Barksdale of the House of Commons, are fulfilled, then such a market could be operating in London by the end of 1981.

There are, however, a number of major hurdles to be overcome. Between now and July the working party will be addressing itself to the fundamental question of whether the conditions exist for a realistic basis for a realistic basis market, and if so, in what form.

In particular, the working party will be looking at the types of contract (and currencies), and the taxation and regulatory issues involved. If this preliminary work goes well, the working party will move on to examining the ways to set up a market.

Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
Int or Fin	£m	£m	per share	pence	date	total
Attock Petrol (I)	0.28(0.11)	0.02(0.12)	—	—	—	—
Barget (F)	2.7(4.9)	0.83(0.24)	—	—	—	—
BA Group (F)	127.3(120.4)	8.0(7.5)	—	—	—	—
Bryant Holdings (I)	44.0(31.0)	3.25(2.68)	7.78(7.32)	1.51(1.04)	—	—
Booker McConnell (F)	699(588)	25.1(24.5)	62.05(54.5)	7.51(9.95)	1.7	12.5(7.9)
Bombardier Stores (F)	89.6(71.0)	7.2(5.8)	—	—	—	—
Dunlop (F)	51(3.3)	0.23(0.29)	—	—	—	—
Dunford & Elliott (F)	100.2(80.3)	0.14(1.82)	—	—	—	—
Eames Lighting (I)	0.94(—)	0.17(—)	11.5(—)	2.5(2.32)	8.5	—
Etco (I)	9.89(8.79)	0.31(0.7)	—	—	—	—
Fed Land (F)	13.59(12.76)	1.11(0.91)	6.79(4.42)	2.15(1.93)	8/5	3.15(2.75)
Felkstone Tank (F)	1.23(1.0)	0.41(0.32)	27.8(23.8)	12.5(—)	—	15.0(12.5)
First Castle Sees (F)	2.25(1.3)	0.34(0.28)	6.9(5.2)	10.7(2.1)	21.7	1.33(1.1)
Freemans (F)	208.4(186.0)	15.0(16.75)	17.7(14.0)	1.63(1.51)	23.5	—
Glyndwed (F)	346.0(316.0)	18.7(16.1)	19.3(17.8)	6.7(6.7)	—	9.15(9.15)
Greencoat Props (I)	2.0(1.9)	0.002(0.02)	—	—	—	—
Hall-Thermotank (F)	79.7(81.7)	4.1(4.3)	9.3(9.8)	—	—	—
J. Hoyle (I)	3.7(3.58)	0.05(0.07)	—	—	—	—
House Property (F)	—	—	2.16(0.39)	3.5(—)	4.6	4.5(2.1)
Low & Bonar (F)	—	9.0(8.6)	—	9.5(8.1)	—	14.5(12.1)
Macfarlane (F)	15.8(13.2)	1.6(1.2)	12.39(8.43)	2.12(1.1)	28.4	4.4(4.2)
Newman Tonks (I)	19.4(14.8)	1.1(1.0)	—	—	—	—
Ocean Transport (F)	524.2(485.0)	19.73(10.14)	13.9(—)	5.84(5.58)	—	12.7(11.9)
Prova Landings (F)	2.9(1.3)	0.3(0.1)	4.10(2.11)	0.43(0.27)	1.7	0.8(0.43)
Reed Exec (F)	31.9(22.0)	3.1(1.8)	21.0(14.4)	3.0(—)	2.6	4.8(2.9)
Rockware Corp (F)	43.0(30.8)	5.0(4.0)	4.33(3.57)	4.33(3.57)	—	6.5(5.9)
Saga Hols (I)	11.8(1.7)	1.1(0.97)	9.22(7.80)	7.73(2.5)	30.4	—

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.425. Profits are shown pre-tax and earnings are net. *—loss; —after tax charge of £5,000 (credit £15,000); —forecast.

Briefly

Felkstone Tank Developments: Turnover for 1979 £11.26m (£11.00m). Net profit £278,009 (£238,089) after tax of £17,508 (£31,364). Pre-tax profit, £415,000 (£319,000). Eps 27.5p (23.8p). Dividend 21.4p gross (17.8p).

Sun Life Pensions Management: Funds under management have reached £100m, an increase of over £10m since end of 1978. In 1979 reports and accounts Mr. Philip Walker, chairman, says "outlook for 1980 remains one of optimism despite current economic and political difficulties at home and abroad".

Birmingham Mint has formed a new subsidiary, Birmingham Mint Pressings, in last two years. Birmingham Mint's turnover in non-ferrous pressings has tripled to almost £1m and pressings is now a major activity with important customers in automotive, electronics and consumer appliance industries.

First Castle Securities: Dividend for year to Jan 31, 1980 rises (1.6p). Turnover, £2.25m (£1.31m). Profit, £24,000 (£25,000) after charge 25,000 (credit £15,000). Eps 6.97p (5.2p). Board concentrated its efforts on both strengthening position of group within its own fields and developing strategies to cover changing and widening trading circumstances.

Eileo Holdings: Interim dividend 1.42p (1.24p). Turnover for half-year to December 31, 1979 (£8.79m). Pre-tax profit, £50,000 (£707,000).

Boyle & Son: Again no interim. Turnover for half-year to September 29, £3.77m (£2.58m). Pre-tax loss, £51,000 (profit £75,000) after charge 19,000 (interest charge £196,000 (£101,000)).

Town Centre Securities: Group revenue before interest for last month to December 31, £1.11m (£890,000). Pre-tax profit £421,000 (£371,000).

Arbuthnot Government Securities Trust: Net revenue after expenses for half-year to January 31, £376,500 (£108,000). Total after equalisation on shares issued, £527,000 (£138,000). Board optimistic view on course of interest rates over next 12 months, and remains confident of future.

British Fluorine Holdings: Base rate will be 18 per cent for April, unchanged from March. Rate is calculated at end of each month by averaging the cost of interest money in the interbank market for the previous eight weeks, and rounding up to the next half point. It contains no discretionary element, the FHA said.

Bogod-Pelepah: Bogod Adamson Machines wholly owned subsidiary of Bogod-Pelepah has acquired the assets of this Engineering from the receiver for £200,000 cash. It has also acquired this Booth, makers of garment pressing and finishing equipment. Consideration was £18,000 cash for the plant, machinery, office equipment and trade marks and about £30,000 for stock. Bogod Group Pension Fund will acquire for £30,000 freehold premises in Leeds occupied by this Booth.

Dunford & Elliott (subsidiary of Lorrain): Turnover for 1979 £100.2m (£80.3m). Pre-tax loss £144,000 (profit £1,821m). An extraordinary loss of £1.42m was suffered in respect of the losses on realisation of the open die forging assets, and redundancy costs incurred on the closure of this activity by Haddfields. Results were severely affected by the transport and engineering strikes during the year.

House Property Company of London: Dividend, 4.62p gross (3.13p). Revenue surplus £40,000 (£12,000). Tax £18,000 (£6,000), add surplus on sale of properties, £25,000 (£79,000). Eps 3.16p (0.39p).

Attock Petroleum: On-shore drilling in Sutherland of a well, in which Attock has a one fifth stake, will start early in May. The group has also lodged applications on behalf of consortia for many more acres on land. The bulletin for the half year to December 31 shows a big jump in bit income from production, reflecting a full half year's output from the Gulf of Mexico and interest income reflects high rates on money on deposit. But United States has just stopped losses turning into profits.

J. R. Sanger: At a meeting of members and creditors the company was placed in creditors' voluntary liquidation and Mr. William P. Ratford and Mr. Christopher T. E. Hayward, partners in J. R. Sanger, Peat, Marry & Mitchell and Co, were appointed joint liquidators.

Anglo American Industrial Corporation Limited

(Incorporated in the Republic of South Africa)

Review by the Chairman Mr. G. W. H. Relly for the year ended 31 December, 1979

1979 results

Reflecting the general recovery in the South African economy, Amic's net earnings rose by a highly satisfactory 63.2 per cent to reach R85.5 million in 1979. Earnings per share rose by 82.6 per cent from 195.1 cents to 317.2 cents per share. These figures exclude the earnings of certain foreign subsidiaries where there is uncertainty regarding the recovery of profits.

Amic's five major subsidiaries all achieved significant profit increases in 1979. The group's profits were enhanced by the inclusion of a full year's profits attributable to the increased interest in Mondi Paper Company and to the excellent results of the new subsidiary, African Products. Amic's investment portfolio also performed well with investment income rising to R11.72 million. Amic's export performance was again highly encouraging, with the export revenues of the group's subsidiaries and major investments increasing by nearly 45 per cent to R230 million, reflecting the further development and penetration of export markets for group products.

The interim dividend was increased by 7.5 cents to 32.5 cents per share and the final dividend by 17.5 cents to 72.5 cents per share resulting in a 31 per cent increase in the total dividend for the year from 80 cents to 105 cents, with the dividend cover rising from 2.4 to 3.0 times. This higher retention was considered necessary in view of the continuing high rate of inflation, the increased working capital requirements arising from improved business conditions and the major capital expansions being undertaken by group subsidiaries, particularly Mondi and Scaw Metals. Mondi expects to commission a fourth paper machine costing some R70 million later this year and a fifth paper machine is scheduled for installation in 1981 while Scaw is proceeding with the construction of a new bar and section mill ball plant and other capital works at a total cost of some R35 million in current money terms.

The market value of the group's listed investments at December 31, 1979 was R138.8 million, reflecting a 19.7 per cent appreciation over book value of R47.4 million. Despite the disposal of Amic's interest in Romate Limited subsequent to the financial year end, market values have increased further and the group's listed investments at March 10 1980 were valued at R173.1 million. Unlisted investments with a book value of R34.9 million were valued by the directors at R56.7 million at December 31, 1979.

With effect from January 1, 1979 Amic disposed of its shareholding in S.A. Forest Investments (Saf) to Mondi in return for the issue of an additional nine million shares by Mondi to Amic. This had the effect of increasing Amic's equity interest in Mondi to 62.65 per cent and reflected the further development of Mondi as an integrated manufacturer of timber and paper products. I am pleased to report that Saf achieved a substantial turnaround in the year under review and earned profits of R5.3 million.

The decade has seen Amic's earnings grow by an average 27 per cent a year from an annualised R10.5 million in 1970 to R85.5 million in 1979. The size of the group has been considerably expanded and total capital employed has risen from R182 million to R379 million over the same period. This growth has been achieved despite the economic difficulties of the mid-seventies and is considered satisfactory.

Economic review

In my previous review I expressed the hope that the rate of economic expansion in 1979 would be moderately higher than in 1978. This proved to be the case, though economic performance was hesitant, with periods of relative strength and weakness in certain

sectors reflecting variations in perceptions of future prospects on the part of business, consumers and the authorities. Total manufacturing output rose by some seven per cent and as would be expected, the achievement of a significant expansion in the volume of output from a low plant capacity utilisation resulted in an escalation in profits in manufacturing.

As far as 1980 is concerned, the authorities are well placed to give substance to expectations which prevailed at the start of the year. The Budget which will be announced shortly before the publication of this review will undoubtedly aim at a further acceleration of growth. The modest overall outcome in 1979 with an associated decline in the volume of imports and further growth in exports, strongly supported by movements in the gold price, have fortified the country's balance of payments beyond the most optimistic hopes of a year ago. A further current account surplus in 1980, with the implicit accrual of capital account advantages for the years to come, is now in prospect. Surging gold mine taxes have also been a principal factor behind the continued consolidation of government finances.

In the circumstances, the problem is not the achievement of accelerated expansion in 1980 but rather the need to ensure that the nature and extent of this expansion is such that it does not detract from growth prospects in the decade ahead. The challenges are, of course, very welcome.

Domestically, the problem of inflation has become paramount. So far, it has remained essentially cost push in nature, stemming from the explosion in crude oil prices, but with the surge in export earnings and the consequent imbalance between our financial and physical resources it could become accentuated to an even greater degree. An acute shortage of skills is already apparent (other bottlenecks will, as always, emerge as the upswing progresses), notwithstanding the enormous potential for demand to be met in the form of imports. Capacity utilisation is rising bringing closer the need for widespread fixed investment in industry and simultaneously enhancing job opportunities and accelerating utilisation of the country's manpower and financial resources. Skilled management is required to prevent the dissipation of these financial resources which have been built up since 1975, assiduously and with sacrifice on the one hand and providentially supplemented by the recent escalation in prices of precious metals on the other. This has to be achieved without a persistently uncertain international economic environment.

Labour and productivity

There can be no doubt that the effective use of our manpower is at the core of the challenge and it is telling that a country with an enormous labour surplus is once again facing an acute skills shortage. Blame for the evident lack of self-sufficiency in this crucial area with the country having rightly given such urgent attention to others, must lie with the private sector as well as government. An understanding and acceptance of the basic tenets of a market economy, which works ultimately to the advantage of all has some chance of emerging only if the political and business environment is demonstrably one which provides full and fair opportunities to all without discrimination. This applies no less in times of abundance, particularly when, in the eyes of some, it must seem to be occurring only in certain areas.

The changes in government policy introduced in the light of the Wiehahn and Riekert reports are most welcome. The creation of a unitary and non-racial industrial relations system is an urgent priority for the South African economy and the extension of

registered trade union rights to all but temporary foreign employees is an important step in this direction. However, now that black, as well as white, coloured and Asian workers can participate in registered trade unions the next challenge to be met is that of avoiding racial polarisation in the trade union movement.

In this regard it is to be regretted that the government preference for racially separate unions was maintained in the Industrial Conciliation Amendment Act promulgated last year, in contrast to the Wiehahn recommendation that workers should be free to decide to join separate or mixed unions. The exemptions granted to several unions early this year to become racially mixed are welcome. However, it would be more desirable if the principle of freedom of choice were incorporated in the law itself, rather than be achieved by means of ministerial exception.

Since the early sixties South Africa has experienced acute shortages of skilled workers. The creation of a collective bargaining system which includes workers of all races will facilitate the opening of skilled jobs to blacks can ameliorate the position which becomes critical in times of economic expansion. The most common response of employers to the skills shortages in the past, buttressed as they were by statutory job reservation, was to seek to fragment jobs. This policy cannot be in the national interest in the long term and it is up to employers to facilitate the creation of a larger pool of skilled workers by promoting the training of operators, artisans and technicians. The brutal fact is that, unless South Africa can train and improve its total labour force to an efficiency and effectiveness at least equal to that of its competitors, it will lose out to competition, particularly from the East, in many fields. An understandable fear on the part of white workers and unions representing them is that they will be replaced with cheaper black labour. Such a development would not be in the medium or long term interests of either the employer or employee, white or black.

The newly created Industrial Court has the task of seeing that the principle of equal pay for work of equal value is upheld in all cases. Employers can assist the process of broadening South Africa's skilled worker base by ensuring that where blacks are advanced, this is done on the basis of non-racial standards and conditions of employment in all respects.

The government initiatives have raised expectations, and the recent build up of resources to give full effect to present plans and promises is a matter which has received widespread publicity and served to fuel these expectations. In every respect, it is a propitious time for appropriate action to ensure that the country can look not only to a cyclical upswing, which is reasonably assured, but also to a period of prolonged growth.

Outlook for 1980

Despite the constraints outlined above and the changing political influences in southern Africa, the economic prospects for 1980 are generally favourable. The Amic group is budgeting for further growth and for a satisfactory increase in earnings, although this increase is unlikely to match that achieved during 1979.

The 16th annual general meeting of Anglo American Industrial Corporation Limited will be held in Johannesburg on Tuesday, April 22nd, 1980. Copies of this review, with the annual report are obtainable from the London office of the Company at 40 Holborn Viaduct, EC1P 1AJ, or from the transfer secretaries, Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

Bryant Holdings

HOMES : PROPERTY DEVELOPMENT : BUILDING & CIVIL ENGINEERING

Interim Report (Unaudited)

	1979 half year to 30th Nov.	1978 half year to 30th Nov.	1979 year to 31st May
Turnover	£'000 44,000	£'000 31,000	£'000 57,000
Operating Profit	3,150	2,100	4,400
Share of Profits of Associate Companies	108	585	716
Group Profit before Taxation	3,258	2,685	4,756
Taxation	1,694	1,092	(2,077)
Group Profit after Taxation	1,564	1,593	6,833
Development Surplus			2,216
DIVIDENDS			
Preference	2.8p	7	2.8p
Ordinary	1.5p	300	1.0492p 210
Interim			1.0492p 210
Final			2.9508p 590
Earnings per Share	7.78p	7.92p	11.5p

* Group profit before tax for the first half of our financial year ending 31st May, 1980, amounted to £3,258,000 compared with £2,685,000 for the corresponding period last year.

* The directors have today declared a net interim dividend of 1.5p per ordinary share in respect of the financial year ending 31st May, 1980, payable on 30th May, to the ordinary shareholders registered on 2nd May, 1980. This compares with 1.0492p per share paid last year and reflects the desire to reduce the disparity between interim and final dividend which arose last year following the end of dividend restraint.

* Our private housing activity has been very successful and has made the major contribution to the profit. Despite difficulties with mortgages our sales have continued to be good during recent months but cost inflation and more stable prices may combine to reduce the excellent margins achieved in the first half year. During the period we have continued to maintain the level of our land bank by further selective buying.

* Property development has maintained momentum and further lettings have been successfully concluded with a consequent addition to our investment income. There will again be a substantial development surplus in the full year's accounts.

* The difficulties in both building and civil engineering are well known and these activities have made only a small contribution to group profit. As announced in January, we have combined the building and civil engineering activities into one company, Bryant Construction Limited. This has enabled us to reduce our total overheads and provide a more efficient integrated service.

* Since the half year end we have completed the one remaining contract in Saudi Arabia and achieved a better financial settlement than originally contemplated. As a result we are pleased to announce that, in respect of the provision made in the 1978 accounts, we will be able to write back as an exceptional credit an amount in excess of £1m in this year's accounts.

* Our cash position remains satisfactory with unused bank facilities of over £8m. With the continued success in our homes development and property activities we anticipate a good second half year, thus enabling us to achieve our forecast made in the annual report of very satisfactory results.

31st March, 1980

Bryant Holdings Limited, Solihull, West Midlands

THE GIEVES GROUP (1980) LIMITED

(Incorporated under the Companies Acts 1948 to 1979)

Share Capital

Authorised	Issued and Fully Paid
£ 1,500,000	£ 1,174,756
in 7,500,000 Ordinary Shares of 20p each	

Application has been made to the

THE TIMES

BUSINESS NEWS

Accountancy
problem of
'a fair and true
view', page 21

Accountants decide on 3-year ban on debate after agreeing on new system

By Adrienne Gleeson
After 10 years of argument accountants yesterday announced the standard method of showing effects of inflation in company accounts—and promptly declared a close season on the subject of at least three years.

But the authors of the new standard (SSAP 16), point out that current cost accounting "does not measure the effect of changes in the general value of money... it is not a system of accounting for general inflation".

Mr Tom Watts, chairman of the Accounting Standards Committee, said yesterday that the ban on further debate on current cost accounting would not prevent his committee from suggesting adjustments to put both profits and capital employed on to a common price basis, to facilitate comparison over a number of years. The ASC is to produce an exposure draft as soon as possible.

It appears that the accountants, who abandoned the idea of using an adjustment to current purchasing power as a means of accounting for inflation in 1974, are now to graft it back on to the system of current cost accounting developed since.

The new standard, which is almost identical with Exposure Draft 24 (ED24), is to apply to the accounts of all public companies and "substantial" entities (excluding investment companies) which produce accounts for periods in 1980.

Substantial entities (including nationalized industries) are defined as those with two of the three criteria: annual turnover of more than £5m; a balance sheet total of more than £2.5m; more than 250 employees.

Companies may produce current cost accounts as a supple-



Mr Douglas Morpeth (left) and Mr Tom Watts: Small companies may adopt new standard.

ment to their traditional historic accounts; they may produce historic cost accounts as a supplement to the current cost variety; or they may dispense with the historic cost variety of their own information for users to work them out.

Under the new standard companies are required to make four adjustments to reflect the impact of inflation on the cost of replacing fixed assets, the cost of replacing stocks, on the net monetary working capital that they show in their balance sheet, and on the real value of the loans (if any) with which the business is financed.

Mr Douglas Morpeth, chairman of the Inflation Accounting Steering Group, which has masterminded the introduction of current cost accounting, said yesterday that this method did

not alter the cash flow of the business, "but it enables managers to set aside funds in an organized way to maintain the capital of the business".

Although the new standard applies initially to large entities only, small companies are to be encouraged to use current cost accounting. Mr John Nott, Secretary of State for Trade, yesterday welcomed the introduction of current cost accounting, in particular small companies being encouraged to adopt similar provisions.

Mr Tom Watts was doubtful that the new system of accounts would be used by the inland Revenue as a basis for company taxation. He said that discussions with the inland Revenue had started, but they forecast difficulties if the new standard was only to be applied to a few companies.

BL back in production on all models

By Clifford Webb

With the return of 4,000 Rover car workers yesterday British Leyland has now resumed production of all its models. The workers' return coincided with the ending of the controversial "Buy British" campaign which after a poor January and February produced record sales in March.

Figures for the whole month are not available yet, but the first 20 days saw BL's market share increase from an all-time low in January of 15 per cent to 18 per cent in February, and 23 per cent in March.

The cutting of Maxi prices by as much as £400 trebled March sales to well over 5,000. Extensive discounting of the Rover saloon series increased sales to 3,500 compared with 2,000 in March 1979.

From today all Marina models will be subject to a 10 per cent price cut in an attempt to clear existing stocks before a replacement model—just starting produc-

tion at Cowley—comes on to the market in two months.

Discounting to this extent over the past three months was a desperate measure to be resorted to only when a company faces a cash flow crisis. Sir Michael Edwards, the BL chairman, has admitted that maintaining an adequate cash flow after effects of such extensive price cutting will take a long while to shake off.

The sale of cars such as Rovers at £2,000 below list price, depresses the new and second-hand markets for these models for at least six months.

Production of the TR7 sports car began yesterday at Rover Solihull. It is being switched gradually from Triumph's Coventry plant about four miles away and which is earmarked for closure as part of the recovery programme involving 13 other plants and 30,000 redundancies.

National union leaders and the union side of the BL Cars joint negotiating

committee meet in Coventry tomorrow to consider the committee's recommendation that all 11 manual unions at BL should declare an official strike starting on April 8.

This is the day that the company has said it will impose its pay and conditions package after the breakdown of negotiations which lasted for nearly five months. Senior shop stewards from all 36 plants have been called to a meeting immediately after tomorrow's crucial union meeting.

But there are indications that workers are divided in their support for a strike which could see the end of BL in its present form. The electricians' union and the patternmakers' union have already told management that they will not take part. The national executive of the Amalgamated Union of Engineering Workers will today hear the result of shopfloor meetings called during the past few days to enable members to vote on the strike call.

US budget shows extra \$15,000m spending cut

From Clive Cookson

Washington, March 31
President Carter today sent Congress his long-awaited balanced budget for 1981. It represents a \$15,000m (£5,747m) cut in government expenditure from the original version which was announced in January.

Total federal outlays in 1981 will be \$611,500m (£234,291m). Receipts, including the 10 cents a gallon petrol "conservation fee" announced two weeks ago, are estimated at \$628,000m (£240,612m), giving a surplus of \$16,500m (£6,329m). The January budget would have produced a \$16,000m (£6,130m) deficit.

The proposed spending cuts and deferrals are spread widely across the federal government. Even the Defence Department is down for a \$1,000m (£383m) cut (mostly in destroyer overhauls and aircraft procurement). But that would still leave the Pentagon with some real growth in military programmes for 1981.

Other cuts include the elimination of federal revenue-sharing grants to states \$1,700m (£651m) and of anti-recruitment aid to cities \$1,000m (£383m). The administration is not proposing any reduction in social security benefits, but it wants to save \$860m (£330m) by delaying planned reforms in the welfare system.

Meanwhile the Congress has begun working on its own version of the budget. The House of Representatives budget committee's list of 108 items has already proposed a \$612,000m (£234,482m) total. The committee's list of spending cuts looks very similar to the one announced by the President today.

Mr Carter and his Office of Management and Budget worked closely with Congress in the preparation of their budget cuts, which are part of the inflation-fighting package announced by the President on March 14. The measures also include credit controls and energy conservation.

For 1981 the administration is still projecting a return to single-figure inflation. The updated forecast is that the consumer price index will rise by 9 per cent in 1981—near to January's prediction of 8.7 per cent.

In the past the administration's projections of future inflation rates have consistently turned out to be too optimistic. President Carter's revised economic outlook still sees a recession in 1980, though it is now expected to be shallower.

The President included a new set of economic forecasts in today's budget announcement. He is now predicting a 12.8 per cent increase in the consumer price index for the fiscal year 1980 (which includes the final quarter of 1979). That is considerably more than the 10.7 per cent rise forecast by the administration in January.

Wedd to end link with Rothschilds

By Philip Robinson

Leading stock jobbers Wedd Durlacher Mordaunt is to buy back the partnership held in the firm by Rothschild Investment Trust for an undisclosed sum and break the ties with RIT after nearly 10 years.

Both sides stressed last night that the break was amicable and will not be completed for some years.

Under arrangements made four years ago when Wedd turned from a limited company into a partnership, Rothschild Investment Trust had the right to around 15 per cent of Wedd's profits. Wedd will now repay RIT a sum "substantially in excess" of the £12m Rothschild injected into Wedd 10 years ago.

That will be repaid over a period still to be agreed and will be related to Wedd's profits.

In an agreed joint statement yesterday the two said that during recent years the steady change in the partners of Wedd and its capital requirements have increasingly altered the balance of interest which existed between the two under the original arrangements.

It is understood that Wedd now wants more of its profits split to divide between its own partners which has risen in the past ten years from 37 to 53. Wedd approached RIT in January to discuss buying back the limited partnership. RIT

will continue as a partner for at least the whole of Wedd's next trading year to April 1981.

Mr John Robertson, Wedd senior partner, said yesterday: "We have not decided when the link should end. It would take two or three years."

Rothschild's links started at the turn of the decade when RIT took a 15 per cent stake in the preferred ordinary shares of Wedd Durlacher Mordaunt Ltd, which entitled it to take that percentage of profits, and had a claim on 10 per cent of the assets in the event of winding up.

When Wedd went into partnership in 1976, RIT relinquished its claim on assets but retained the right to 15 per cent of profits.

RIT is understood not to be surprised at Wedd's move. There has been speculation in the City that given that the Stock Exchange rule book is being referred to the restrictive practices court and the still unclear dual-capacity rule of jobbers in international markets, jobbers may well be vulnerable to takeover by merchant banks.

Mr Robertson said: "We are not running away from a takeover. In any case, RIT is an investment trust, not a merchant bank. I would have thought that the dual-capacity system could well mean that a merger between a broker and a jobber would make more sense... but that does not



Mr John Robertson: "Not running away from a takeover."

mean we are doing this as preparation to merge with anyone either."

RIT said that the compensation for loss of the partnership would not be disclosed although it is substantially in excess of the £12m which the original stake cost, although the payment would not be as much as £10m.

Big strides towards shorter week

By David Felton
Labour Reporter

Almost one fifth of the United Kingdom workforce has won a reduction in working hours during the last two years, according to a report published today.

Bargaining Report, published by the Labour Research Department, an independent research unit which collects information on wage settlements for trade unions, says that those in the public and private sectors have been signed since the beginning of 1978.

The report covers 59 national agreements and 247 local agreements and while in many cases

the shorter working week is being phased in over the next year or so, 750,000 workers already have the shorter week.

Agreements being negotiated at present for almost one million building and printing workers will probably include shorter working hours claimed by the unions.

The report shows that shorter hours apply to a slightly higher proportion of private sector workers than those in the public sector. Among white collar unions 35 hours and under is now a practical target for negotiators, particularly in jobs such as printing affected by new technology.

Labour Research says that for

manual workers a one-hour cut in the 40-hour week is a common formula although a number of big companies have agreed to larger reductions. These include Metal Box, Ronson Products, BAT, Dunlopillo, Fisons, Reliant Motor Company and Beecham Pharmaceuticals.

"Overall the conclusion must be that the trade union campaign for a shorter working week has made major advances in last two years. Employers' traditional defence—that 'going it alone' is suicidal—no longer applies," the report says.

Bargaining Report, published by Labour Research Department, 78, London SE1 8HF, price £1.35.

Dealers expect price of silver to climb

Continued from page 1

least \$244m. Mr Nelson Hunt then flew to Saudi Arabia for discussions with his Arab partners.

Last night a source close to Mr Hunt said that, so far as he knew, Mr Hunt still intends to proceed with his plan for issuing bonds backed by the 200 million ounces of silver his family and associates are thought to have accumulated. An announcement could be made today. Any announcement may affect the course of silver prices for at least the rest of the year.

Brokers in New York believe that more margin calls, possibly reaching a total of \$80m, could be made in the next few days, depending on price movements. The price of silver in New York rose about \$2 yesterday to \$12, but in London the trend was slightly down.

These brokers also think that the unexpected price rise on Friday, which was a great relief to the market, may have been caused by some central bank buying. As evidence they point to the unusually wide difference between spot and future prices that day.

But what is certain is that many investors were hedging by going short to cover long positions. Of the \$8,000, 1980 contracts traded in the New York Commodities Exchange on Friday, no less than 23,000 were short for April delivery. This implies that investors were not expecting a sharp recovery in silver.

Mr Norton Waltrick, from Commodity, the commodity dealing arm of the giant Continental Grain Corporation, said, however, he believed silver to be fundamentally oversold. He expects a steady return to prices of about \$20 an ounce.

Bache itself echoes these views, saying it feels the market is under control. The company says its clients' interest has not been impaired and that it has not had to draw on a credit line of \$24m available from New York banks.

180pc jump in carpet imports from US

By John Huxley

Carpet imports from the United States into Britain totalled 1,289,000 metres in the first two months of this year—180 per cent up on the same period in 1979.

The figures, released yesterday, are likely to be used by the carpet industry to support its demands that the Government make a further appeal to the European Commission to curb imports.

Earlier this year the commission refused permission for Britain to curb imports of synthetic fibre tufted carpets. Contrary to what the industry had hoped, the flow of goods from the United States, where producers benefit from artificially low feedstock prices.

The commission conceded the case for controls on polyester filament yarn and nylon carpet, but said that the level of import penetration by carpets—about 84 per cent at that time—was not high enough to justify import curbs.

Mr Leonard Regan, president of the British Textile Confederation, said yesterday that import penetration was now well into double figures. The timing of a further approach to the Government would depend on feeling within the carpet industry, he added.

Almost 2,000 jobs have been lost by the industry in the past six months. Although it has faced pressures caused by high interest rates and the relative strength of sterling, cheap imports from the United States have been singled out as a factor in the industry's contraction. The Department of Trade is monitoring imports closely.

Textile industry hopes that it will be given greater protection from low-cost imports have

been raised by a statement by Mrs Thatcher that the Government intends to "press for a continuation of effective restraints" when the present Multi Fibre Arrangement, by which textile trade is regulated, expires at the end of 1981.

Previously, ministers have talked of ensuring "orderly marketing arrangements". The industry will submit proposals for "effective restraints" to the Government within the next few days.

Meanwhile the International Wool Secretariat announced in London that agreement had been reached with Peking. This will mean selected Chinese mills will be authorized to use the Woolmark. China is to progressively increase imports of raw wool from Australia and New Zealand.

Dr Gerald Lasser, managing director of the IWS, said: "The Chinese authorities have clearly stated that they will not disturb export markets by price cutting through selling Woolmark goods at unrealistic prices."

Desire Harries, Retailers Association secretary, said: "Retailers import textiles because of price, quality, product range and capacity to meet their volume requirements, according to a survey of members of the Retail Consortium."

Mr Richard Weir, the Consortium's director, who announced the survey results yesterday, said the price advantage of imports was the factor most frequently mentioned by retailers. However many companies import from high-cost countries because of better quality of finish.

British producers were also unwilling to agree long-term fixed contracts because of their difficulty in forecasting future cost trends.

Scope for small businesses in the countryside Growth industry down on the farm

Farmers who flout planning laws by renting disused buildings for small businesses to make a start are about to get some help not only from the Small Business Bureau but also government ministers.

At a moderate estimate there are four million square feet of old piggeries, cowsheds and other buildings which are being secretly let mainly to one-man businesses; at least 20,000 would otherwise be unemployed.

A plan for new legislation more favourable to the industrial use of some farm buildings, announced yesterday by the Small Business Bureau, was welcomed by Mr David Mitchell, Under Secretary at the Department of Industry, whose special responsibility is small businesses development.

Small businesses which could not afford to rent new factory premises still needed somewhere to start yet the "all-pervasive nature of planning controls was to snuff out new businesses at birth", Mr Mitchell said.

Mr Mitchell is holding discussions with Mr Michael Heseltine, Secretary of State for the Environment, who is already preparing a circular for local

authorities urging them to be more sympathetic to planning applications for non-farming use of some agricultural buildings.

But Mr Michael Grylls, Conservative MP for Surrey North-west and chairman of the Small Business Bureau, also hopes that amendments may be incorporated in a new planning Bill now passing through Parliament. Several MPs are expected to press for amendments.

The problem of how to change the legislation without allowing industrial use of farm buildings to get out of hand was tackled in a plan published by the bureau yesterday putting forward a policy to help small businesses find first premises. It was prepared by Mr Andrew Rowe, a former director of the bureau who is now a consultant.

Mr Rowe said that although Britain was studded with disused farm buildings many local authorities have been reluctant to give permission for other uses although they had considerable freedom, in theory, to grant permission.

Non-industrial users would produce income for farmers, rates income for local authorities which is lost where there is clandestine use of buildings and bring jobs back to rural areas, Mr Rowe said.

There were obvious problems for local authorities who might feel letting in the small business could lead to other bigger industrial users demanding space and small businesses wanting to expand on the site where they began.

Mr Rowe suggested that legislation should stipulate that farm buildings no longer used for agriculture should normally be given permission for a change of use but under a strict set of conditions.

These might include stipulations on age of buildings—possibly before 1939 except for disused airfield buildings—distance from private houses, a three-year maximum letting, and a priority for businesses creating employment locally.

Mr Rowe said that although disused buildings let to small businessmen should be safe and hygienic it was important that the key benefit of operating at cheap rents was not lost in "an enthusiastic flurry of well-intentioned enforcement of high standards".

Somewhere to Start, by Andrew Rowe (Conservative Political Centre and Small Business Bureau; 75p).

Derek Harris

"Over One Million Investment Accounts"

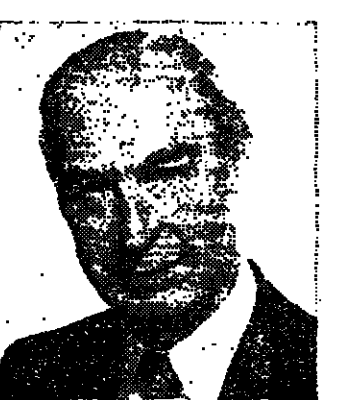
Highlights from the President's speech delivered at the Annual General Meeting of Bradford & Bingley Building Society, held in Bingley on 31st March 1980.

INVESTMENTS

"During the year we opened over 220,000 New Investment Accounts and at the end of the year the number of accounts exceeded one million."

ASSETS AND RESERVES

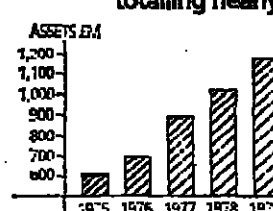
"Assets increased by £154 million to £1,182 million and have grown five fold in the last decade. Reserves now stand at £47.5 million, representing 4.02% of Total Assets, a very adequate reserve ratio for a Society of this size."



Mr J. Peter Knight, TD, LL.B., President of the Society

"THE AMOUNT LENT TO NEW BORROWERS WAS £227 MILLION"

Over 7,500 Advances were granted to first-time purchasers. 5,000 Advances, totalling nearly £50 million, were granted on property built before 1919.



SPECIAL FEATURES IN 1979

We continued to extend special help under the Local Authority Support Scheme, and to the Gloucestershire Housing Society Young Persons Scheme.

Uniplan, our Insurance-linked monthly savings scheme, was improved and High Yield Uniplan, a lump-sum version, was successfully launched.

THE FUTURE

"Two new savings schemes have been introduced in 1980: Extra Interest Account for stable funds and Homebuilder which is designed to guarantee a mortgage at the end of two years"

Copies of the Report and Accounts can be obtained from The Secretary.



Secure home Mr Bradford

For your money Mr Bingley

BRADFORD & BINGLEY
BUILDING SOCIETY

HEAD OFFICE: BINGLEY, WEST YORKSHIRE BD16 1LW
A Member of the Building Societies Association
Over 500 Branches and Agencies. Assets exceed £1,700 Million.



Stocks which
front the
C, page 21

Stock markets
T Index 427.0 up 5.5
T Gilt 65.48 up 1.46

Sterling
2.1640 down 1.05 cents
index 72.6, unchanged

Dollar
index 90.8 up 0.5

Gold
504 up \$19

Pound
with sterling 184.18
with Euro-£ 191.20
with Euro-£ 191.19
Friday's close

IN BRIEF

Oil puts
oil price
\$2.50
barrel

will raise its export price of crude oil by \$2.50 a barrel from today, the official was reported. The price of \$31 has been in place since February. News agency said prices of qualities of crude will be proportionately, but gave other details. Iran also a premium on top of oil price for half of oil sold under contract. Premium has stood at \$3 a barrel since the year's start, and customers and those of their contracts are charged \$4.25, in-sources said.

stations close
ord 1,815 petrol orders in the United Kingdom, leaving 26,580 still at the end of the year. Sales were 6.4 per cent out and 359 more than

arges laid
h Kier, the con- group, said last night will be preferred. A May 1977 fraud inquiry followed con- against a subsidiary, French (Construction).

design order
h Shipbuilders' Tyne- builders of Swan Hunter a £14m order for a n of products carrier e British subsidiary of ed States based Ingram

prices steady
were steady on the cocoa market yesterday, the collapse of Inter- Cocoa Organization ad failure to agree to sion of the International Agreement.

icals slump
ment in the United r's chemicals industry 10 per cent last night, creating by 20 per cent d, according to figures d in the official jour- nish Business.

r order
Lanka, national airline Lanka, has ordered two d TriStar wide-bodied s. The order is worth, pears, £20m to Rolls- whose RB 211 engines over the TriStars.

ros decision
ros merchant bank says uly to decide tomorrow r to press on with its takeover bid for the n Enterprise Board- Fairly Holdings.

man promoted
ohn Caines, secretary and chief executive of the al Enterprise Board, is re- to the Department of after serving two and a ars on secondment. Mr. 47, has been promoted to secretary responsible for policy with effect April 8.

it gains ground
dollar soared yesterday highest level against the he mark for 18 months.

PRICE CHANGES

S	2p to 28p	Norton Orion	20c to 54Sc
chall	3p to 70p	Ranger 80	£1 1/16 to 69c
J. Higgs	1p to 14p	Seagram	£21 to £173
ate Exp	25p to 490p	Vicki-maine	13c to 253c
	45p to 360p	W Rand Cons	20c to 620c

Ind	13p to 12p	Howard Tenens	5p to 65p
chall	4p to 48p	Jones (Ernest)	10p to 125p
chall	15c to 340c	Middle Wits	13p to 355p
chall	37p to 875p	Preston P Cem	20p to 275p
		Wardle B	2p to 26p

THE POUND

Bank	Bank	Bank	Bank
buys	sells	buys	sells
11.5	11.58	11.5	11.58
11.5	11.58	11.5	11.58
11.5	11.58	11.5	11.58

BY THE FINANCIAL EDITOR

Now for the horror stories...

On yesterday of the accountants' on current cost accounting brings a 10-year debate on the best way to the effects of inflation within accounts. What it doesn't do is an end the debate over the best howing the effects of inflation on accounts.

From what the accountants were yesterday, it appears that the idea of the figures onto a current pur- power basis, to reflect the impact in on shareholders' equity, is about ived, with publication of an ex- port promised for the near future.

While, the full horrors of adjusting to allow for the costs of keeping ness going were amply demon- strated by the timely publication of cost accounts by Turner & Against historic pre-tax profits of Turner and Newall would have here £1.5m on a current cost basis and at the attributable level, in the £6.8m profit, there would have ss of £17.4m.

adjustments on both cost of sales recitation make Turner & Newall the worst affected companies. Phil- ew, the stockbrokers, estimate that tax profits of the 27 companies in / book (excluding oils and finan- uld, on average, be 36 per cent der the current cost convention, at historic cost accounting, and that st-tax level, assuming a comparable e, there would be a 33 per cent

id cover, estimated at 1.4 times A in 1979, is expected to fall to in 1980—which means that plenty companies will have no cover on idends.

er, as the authors of SSAP 16 s point out, the level of attribut- is no guide to the amount that s may actually be prepared to dis- if, in fact, they do distribute the may then find it necessary to ditional capital (equal to the gear- ment) in order to avoid an erosion erating capability of the business. r this message is likely to pene- there is no obligation on com- present the current cost version principal accounts, must remain question

d

seas

ce

confounded the pessimists and even the optimists yesterday with cent rise in 1979 profits to £18.7m. the growth came from overseas, a traditional United Kingdom busi- suffered far less than most engineer- anies from last autumn's national

as profits, nearly tripled at £3.74m interest, owed most to a strong show- the consumer appliance subsidiary Africa. At home the two-fifths to £9m from building and con- ducts profits more than offset profits from faster distribution. sults from engineering companies nowadays and Glynd's shares ned 11p to 97p on the announce- it it is hard to get excited at this

ed started 1979 over 50 per cent nd the cash outflow during the year n after £9m capital spending. The ed dividend will probably be un- der SSAP 16 and it is hard to see ur being increased in 1980. So the ave little to offer besides a yield er cent.

ans

sures on

order

ne's VAT increases hurt mail order. and Freemans was no exception. Its cent interim profits gain has been 1 with a 7 per cent fall to £15.5m full year.

ig been warned the market greeted th equanimity; the shares in fact 2p to 124p on news of the 36 per idend increase.

This price produces a p/e ratio of under 7 thanks to a £4.7m reduction in the tax charge on the introduction of SSAP 15 on stock appreciation, which rises to just under 11 fully taxed while the yield is 4 per cent. Given the outlook for consumer spending this looks generous unless inflation and interest rates start to fall sharply in the second half of the year.

Moreover, problems in the High Street could serve to increase the pressure on mail order firms as stores woo customers away from the catalogues with bargain stock clearance sales.

Ocean

Turnarounds can be dramatic...

Turnarounds can be dramatic in the shipping business. Only seven months ago Ocean Transport & Trading was complaining of "unsatisfactory" interim results, forecasting



Sir Lindsay Alexander, chairman Ocean Transport & Trading.

a modest improvement on the £10.1m pre-tax profits made last year and issuing a warning about the level of dividends.

Yet yesterday's 1979 results are as good as could be expected. Profits are £19.7m and if the £2.5m depreciation on the "Nestor", the £63m LNG carrier laid up in Scotland is added back for purposes of comparability, underlying profits are effectively doubled. Moreover, the outlook is for further improvement.

While there has been a definite improvement on built trade the main reason for the better figures is the £8.3m favourable turnaround on the sale of ships. Since dealing in ships is part of Ocean's normal business is looks reasonable enough to include any losses or profits in the annual figures, although this must add an element of uncertainty.

Ocean looks highly geared with borrowings of £204m, a capital gearing of 80 per cent. But most of the borrowings are for medium-term ship financing and the average interest paid is only 11 per cent. Two-thirds of borrowings are in sterling and only one third in dollars. So Ocean has to run faster to service the debt with foreign earnings at a time sterling is particularly strong.

Over the next few years borrowings are due to fall, so Ocean should reap substantial benefits. With profits set to rise over the next couple of years, the shares at 109p on a p/e ratio of 7.8 and a yield of 11.6 per cent look undervalued.

● The rearrangement of the unitization proposal for the Carlisle and Tyneside investment trusts which is now to be in association with Target, the more relaxed post-Budget highlights the more relaxed post-Budget climate both unit and investment trusts find themselves in.

Their exemption from capital gains tax has not merely given a once and a all boost to prices which no longer reflect cgt liabilities, but also, and more importantly, substantially improves the outlook for investment and unit trust mergers.

In particular, slow or inefficient invest- ment trust managers will no longer be able to shelter behind their contingent gains tax liabilities when shareholders beg them to consider remedial action, often involving mergers or unitization. And as the distinction between domestic and offshore unit trusts has now vanished with the exemption from capital gains tax, unit trust groups are already considering more internal mergers.

Mr Robert Scholey's postbag should be beginning to shrink over the next few days now that the "Three Wise Men" have delivered their judgment on the steelworkers' pay claim and the British Steel Corporation's "final" offer of 14.4 per cent.

The British Steel Corporation's chief executive had received about 1000 letters up until yesterday from employ- ees. It is estimated that the letters were 15 to one in favour of either accepting the final terms or holding a ballot on the terms.

Now that Lord Lever and his two colleagues have added another 1.1 per cent to the final offer the way is open to acceptance from those who did not feel moved to write.

The fact that Mr William Sirs, general secretary of the Iron and Steel Trades Con- federation and Mr Hector Smith for the blastfurnacemen are able to recommend acceptance of the new figure (helped by the fact that the Lever formula can be presented as a 17 per cent offer if holidays schemes and pensions are included) is encouraging. But there will be those among their executive and lay delegates, who will feel low. The figure of 20 per cent had become the rallying call on the picket lines and the selling of the package will be far from easy.

But beyond the arguments over the fine print and the timing of a return which could take place tomorrow morning all goes well in today's union councils, there lies the prob- lem of a further battle ahead over the corporation's closure programme. There is the question of how quickly and successfully it can claw back its share of sales to the home market, and whether the need for change has been accepted.

Could this set-piece battle between a group of traditionally moderate but aggrieved workers and an apparently immovable management not have been settled weeks ago? Lord Lever and his two colleagues' fair- minded and incisive approach have, in the space of two days, cut through a barrage of claim and counter claim from the BSC on the one side and the unions on the other. It has, it is to be hoped, brought to an end a dis- turbance whose effects would cer- tainly soon have begun to be felt much more seriously by the rest of the industry.

Last week's survey by the Confederation of British Indus- try which indicated a widening of companies' significantly affected was a pointer. Mr Sirs said at the outset that he and his colleagues were out for a short sharp strike. In- stead, it has become one of the longest running industrial rela- tions battles since the end of World War Two.

But industry has remained largely unaffected, though

Tasks which still confront the BSC

over the fine print and the timing of a return which could take place tomorrow morning all goes well in today's union councils, there lies the prob- lem of a further battle ahead over the corporation's closure programme. There is the question of how quickly and successfully it can claw back its share of sales to the home market, and whether the need for change has been accepted.

Imports have continued to come in, although a large por- tion lies on quaysides around the country. This will flood into the steel mill once the strike is lifted. Against that background it was not surprising that the short sharp strike became a long drawn out affair. The settlement will cost the BSC £192m, some £18m more than it was prepared to pay under the terms of its "final offer". It prompted Mr Scholey to observe yesterday in the tor- rent language of a man who has spent the past four months in negotiations: "Although it is more than our offer, we feel it is within the margin whereby we can live."

The corporation is confident that it will be able to fund the 15.5 per cent increase on a self-financing basis through its long term negotiated lump sum bonus schemes. But there will be pressure to secure better yields and improved produc- tivity from its plants and this

will depend on acceptance of the scale of change which the BSC believes is necessary. It will be mid-May, accord- ing to the corporation's own forecast, before its plants are producing again at a rate sufficient to meet the ex- pected demand. At the same time it will be seeking to get ahead with negotiations for the phasing out of more than 30,000 jobs under the re-anchoring programme which calls for a reduction from 21.6m tonnes of liquid steel capacity to about 15m tonnes a year.

The Government meanwhile is not prepared to relax its requirement that the BSC should reach a financial break- even point in the new financial year.

Thus, squeezed by the Gov- ernment's £450m cash limit, by intense competition from lower priced imports, by the effect of a strong exchange rate on exports, and by the diffusion of long established customers, many of whom have committed themselves to long-term con- tracts with foreign second sources for their steel, the cor- poration will find that its road to recovery will not be an easy one. Well over 300,000 tonnes of steel imports—about one month's average import level—is already waiting for delivery to customers and the foreign share of the United Kingdom market will be above 30 per cent level.

More immediately, there is the cost of the strike itself.

That has been running at about £10m a week since the begin- ning of the year, on top of the £7m the corporation was losing before the steelworkers with- drew their labour. There is in consequence great pressure on the BSC to reshape its organiza- tion further, to sell off non-main line iron and non-steel interests and cut back some of its foreign investments. It will be essential to push through the decentralization programme which has already begun, in line with the negotiation of local deals.

There is every sign that the divestment and decentralization programme will be implemented quickly, but the much sought capital reconstruction is not expected until positive progress is made towards a return to profit, although the Government will approve an increase in the borrowing limit under existing legislative provisions.

The Government will un- doubtedly claim credit for the success of its non-intervention policy. Management and the unions have the basis of a com- promise through the help of a third party. But the cost to morale has been very great and the cost in terms of lost busi- ness will only emerge over the next few months.

If the BSC and its workers are to move forward to a re- warding, and efficient future, regain the lost customers and restore consumer confidence, the bitterness caused by the strike on both sides must be quickly removed.

Accountancy problem of a 'true and fair view'

Adrienne Gleeson

in which they have invested their money. They can reason- ably object that historic cost accounting does not enable them to measure that perform- ance—because the unit of measurement, the pound sterling, is constantly changing in value.

But that argument can be used with equal validity against current cost accounting. What the shareholder needs, to achieve his traditional object, is a unit of constant purchasing power (CPP)—and it rather looks as though he may now get it, since there are plans for an exposure draft on the subject in the near future.

Current cost accounting effectively provides a manager's definition of profit—the amount left over after providing for the costs of keeping the business running and particularly the costs of replacing fixed assets and stocks. This should cer- tainly be of some use to shareholders, since the more sophisticated among them habitu- ally go through accounts with a view to establishing not just how the company did in the immediate past, but how well placed it is for the future.

The Inland Revenue needs certainties, and the new system does not provide them. More- over—and it is probably a more convincing argument for the moment—current cost account- ing will apply initially to a relatively few companies. In the longer term, it is going to be difficult to persuade the tax- man to replace the hard figures of the historic cost convention, however satisfactory its results, with either CCA or CPP (which makes no adequate differentia- tion between the circumstances of different companies). He can, after all, always allow for the illusions with first-year allowances and stock relief.

The employee (or at any rate his trade union) wants to know, at the best, that the company is investing for the future and at the worst, how far he can push his luck. He almost certainly wants to know it, however, at a local level.

Many companies have done

something to satisfy this curiosity with the publication of employee reports which without exception concentrate on the management version of profits—what is left over after pro- viding for the costs of keeping the company going.

None of this is going to be much use unless the employee believe what they are told. And belief is going to be based on one of two things—blind faith, which, on the whole, British firms do not show much capacity to inspire or under- standing. The accountants are now going to considerable lengths to invigilate the latter. But in this case at least they are sowing their seed on rocky ground.

As for the consumer: what he wants out of a set of ac- counts is an assurance that he is not being "ripped off". Profits reached by means of the historic cost convention are likely to provide no such as- surance, particularly as large public bodies like the nation- alized industries at present blithely bend the rules to suit the convenience of their politi- cal masters. But will current cost accounts do any better? After all, the banks, whose profits rise has provoked a minor storm, will in fact emerge with even higher figures under the current cost convention.

In the long run there is only one answer to the dilemma faced by anyone trying to pre- pare accounts for such a dis- parate audience, and that is education. After the extension of the franchise under the Re- form Act of 1867, Tory MP Mr Robert Lowe supported the in- troduction of compulsory edu- cation with the comment: "Now we must educate our masters." The extension of democracy to the financial sys- tem of this country requires a similar response.

Adding up the North Sea insurance costs

The capping of the Alexander Kielland, the drilling rig con- verted into a "floating hotel" for North Sea workers, has drawn attention to the huge physical and material liabilities now concentrated in the unpre- dictable North Sea. In par- ticular, the marine insurance market will be looking carefully at offshore units which have been converted for accommo- dation and other purposes.

Significantly, last week's tragedy came in the same month that the Burgoyne Committee's report on North Sea safety had expressed criticism about safety measures on British North Sea offshore installations. Although studying the possibility of righting the Norwegian "flot" and towing it to a port for pos- sible repair, it seems reasonable to assume that insurers will settle the claim as a "constructive total loss" since the costs of salvage and repair would probably exceed the unit's value, even if it is repairable.

In insurance terms the Alexander Kielland loss, al- though large at around £23m, is by no means catastrophic. Primary insurance was in the Norwegian Oil Rig Insurance Pool, whose member companies reinsure a large part of their risks in the London market under a master cover. In this case, London will be liable for nearly two-thirds of the total insured value.

In the London market there is a special form, the Master Drilling Rig Contract, under which the majority of brokers place their oil drilling business. On the initialing authority of the leading underwriters, busi- ness can be accepted up to \$600m per risk.

However values in excess of this sum can be covered by carefully husbanding inter- national capacity. For example,

Shell/Esso's Brent B production unit has an insured value approaching \$900m.

The huge fixed production plants, with their high val- ues, of course, but values of drilling rigs can be very high, too, and are still rising. Mr Peter Winget, a leading under- writer in the offshore market, says: "Costs of operations of all types have escalated at an unprecedented rate worldwide and the specially-designed oil drilling unit values have simi- larly risen."

Although claims experience generally over the past few years has been reasonable, underwriters are quick to point out that one total loss of a large platform would account for a large portion of a year's premium income. Furthermore, there is increasing pressure on premium rating levels in view of intensified competition.

The other side of the insu- ration coin is the P and I (pro- tection and indemnity) cover required for the thousands of men who put their lives at risk. The number of dead and miss- ing as a result of the Alexander Kielland capsizing means that the claims for loss of life and personal injury will be the heaviest ever experienced in the offshore industry.

P and I cover is through the Norwegian "Gard" mutual insurance club. This, like the other Norwegian club, "Skuld", reinsures a certain excess of its liabilities in the Norwegian market and a further excess in London.

Finally, if the rig cannot be salvaged and repaired, there remains the difficult problem of disposing of the wreck, by whatever method, and this could constitute another large claim on the P and I insurers.

Denzil Stuart

Business Diary: 5 am and raw herring for breakfast

ity is remarkably ani- at five in the morning where more so than in ward of Billingsgate, the office cleaners to dust the halls of the mighty, before the grey electric vans of the banks begin their de- in the country's fin- arteries, the hurly-burly eady begun in a part of which has been dedi- a fish trading for more 000 years.

or how much longer will unlovely aroma float the Monument and up g Lane towards some of ter known monied insti-

Corporation of London, runs the market on of "The Mayor, Com- y" and Citizens of y" will decide next whether to proceed with to move the market to a built site a few miles in the West India Dock East End.

a move would help to the traffic problems which afflict the area and which o the partial closure of Thames Street to enable s to continue their busi-

would also release for de- ment an extremely valu- site, neatly positioned be- London Bridge and - Bridge, with an excellent ide view. This last res- ay well explain why one t and unannounced visitor illingsgate was the Secre- of State for the Environ- Michael Heseltine. e market building is not ularly prepossessing and uly does not compare with ifields and Smithfield, but



Photographs by Brian Harris

Two for the pot at Billingsgate.

it has attracted the attention of conservationists who are pressing for it to be retained. The City Corporation, how- ever, being in the main men of some financial background, are determined that there should be some profit from the site, part of which money will go to Tower Hamlets, the impoverished East End council which is to get the new Billingsgate and part of which will pay for the move.

The result is that the Cor- poration have let it be known that either they develop the site or the move is off. To back up the City's desire to demolish the old building, they are tell- ing some pretty hair-raising stories about its condition. For instance, the cold store in the basement has been operating for so long that it has three or four feet of permafrost in the ground beneath it. What City men ask, wide-eyed, will happen after a couple of years when this lot has thawed.

The frost, which adorns the cold store in great, fishy footstools, is just one of the less pleasant aspects of the place. Another is the antiquated ammonia refrigeration system which gives off an obnoxious smell throughout the ether regions of the building (though, to be fair, the workers claim it does wonders for the sinuses). Given all this, it is hardly surprising that the porters and wholesalers are chafing at the bit, waiting to move out. Tenders for the construction of the £7.2m alternative are now being opened in Guildhall; the ranks of architectural con- servationists are massing; and down in the market the tradi- tional flat black hats which were discarded years ago are being retrieved. Billingsgate may not smell too hot, but the locals are sticklers when it comes to being photographic material for the growing flock of media visitors.

● If the printing business makes supporters of new tech- nology swoon, the fish market should be enough to kill them off.

In fact, the two trades are very similar in some ways—in London at least: Matey well- paid and often kept in the family, if you look at things from the viewpoint of the lads. From the point of view of the managers—well, you can hear enough about that elsewhere.

At Billingsgate, the porters, all good men of the Transport and General Workers' Union, are paid a low basic wage and then piecework for the "shor- ing in"—bringing in samples to the ball for inspection by buyers and for "barrowing" the delivery of the bulk of fish to buyers' vehicles outside the market.

The latter, which is known as "bobbin" money, is based on a scale agreed between the union and the London Fish Merchants' Association, the two groups who make up most of the 800 men and women who work in the market from Tues- day to Saturday each week.

There is also a highly com- plex retainer system, and the whole adds up to an ingenious method of paying wages which can result in porters getting £200 a week, clocking off duty at 9 am and then going on to other jobs.

But it would be hard to begrudge the Billingsgate men their pay. Whether these practices will survive a move to up-to-date premises remains to be seen. A couple of months ago, the porters went on strike over pay. This may not be Armaged- don, but it was carefully noted in the business.

● When Chris Newnes started his novel business 20 years ago, someone must have told him he was mad. Who, after all, would have believed that the English housewife could pos- sibly take to buying squid or that there would be a market in London for ugly pike pulled out of a lake in Northern Ireland?

Newnes did and for his pains built up the largest bizarre fish trade in Billingsgate. In the early hours Chinese, West Indians and Pakistanis pore over his baskets full of snappers and other piscatorial oddities.

His latest import is raw Dutch herring fillets, which he happily—and publicly—devours to demonstrate his faith in his wares.

Newnes admits to one mis- take, though. A few years ago, instead of following the trend, he followed it and bought into a trout farm. When sales were low, he sent his wife out on a marketing mission.

The result? "I am convinced that the whole of the South- east of England is going to be submerged in a sea of commer- cially farmed trout," said Newnes, before taking another bite of raw herring.



David Hewson

freemans

Preliminary results for the 52 weeks ended 26 January 1980

	52 weeks ended 26 January 1980	52 weeks ended 27 January 1979
Turnover	231,248	200,232
VAT	22,791	14,216
	208,457	186,016
Profit before Taxation	15,521	16,747
Profit after Taxation	12,431	9,677 (adjusted)

● Dividend A final dividend of 2p per share is proposed, bringing the total dividends in respect of the year to 3.5p per share (2.5695p last year).

● Results In the first 28 weeks sales excluding VAT advanced by 13%, having been seriously affected by the lorry drivers' dispute which stranded many of our incoming catalogues and goods in depots and ports. Sales in the last 24 weeks advanced by only 11%, which was well below expectations. They were affected by the sharp rise in VAT (eighty-five per cent of our catalogue goods attract the standard rate which jumped from 8% to 15% in June) and the generally poor fashion demand in the autumn. Because of the poor stock availability in the first season, we secured larger stocks for the autumn/winter season. In the event, sales volume was below expectations and this resulted in large write-downs of terminal stocks and meant that costs generally rose out of proportion to sales.

● Profit after taxation benefited from an exceptionally low tax charge arising from the application this year of SSAP 15 to stock appreciation relief. This reduced the tax charge by £4.7m (last year adjusted to a comparable basis: £1.8m).

● Prospects It is difficult to compare demand from the new catalogue against the disturbed early months of 1979. While many departments are producing encouraging results, there are as yet few signs of real improvement in most clothing and footwear ranges. The number of active agents at the end of the year was 490,000 (1979—475,000), an increase of 3.2%. The climate for consumer spending this year is hardly encouraging, but it is at least likely that inflation and interest rates will fall later this year. We are hopeful of a return to growth in pre-tax profits, although the first half will still be suffering from a reduction in gross margins by comparison with the similar period last year because of the VAT change.

Copies of the Annual Report and Accounts, when published, will be available from the Company Secretary (01-735 7644).

Freemans (London SW9) Ltd, 139 Clapham Road London SW9 0HR

Salerooms and Antiques



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London SW1

Today, Tuesday, April 1, at 11 a.m.
FINE RUSSIAN AND GREEK ICONS. Catalogue £1.95.
Tuesday, April 1, at 10.30 a.m. and 2.30 p.m.
AMERICAN COINS. Catalogue £1.25.
Tuesday, April 1, at 11 a.m. and 2.30 p.m.
FINE JAPANESE PRINTS AND SWORDS. Catalogue £2.50.
Wednesday, April 2, at 11 a.m.
ENGLISH AND FOREIGN SILVER. Catalogue £5p.
Wednesday, April 2, at 11 a.m.
IMPORTANT JEWELS. Catalogue £1.50.
Thursday, April 3, at 11 a.m.
FINE CRESS SETS. Catalogue £3.25.
EASTERN BANK HOLIDAY.

Christie's will be closed on Good Friday, April 4, through to Easter Monday, April 7, and will re-open on Tuesday, April 8. Sales commence on Thursday, April 10 with English and Continental Oak Furniture, Pewter and Metalware and a sale of Fine Claret and White Bordeaux.

IN BRIGHTON AT THE BRIGHTON & HOVE ENGINEERING
Off Nevill Road, Hove, East Sussex. Tel: (0273) 532583.
Monday, April 14, at 2 p.m.
FINE FULL SIZE AND MODEL STEAM ENGINES, LOCOMOTIVES AND SHIP MODELS. Catalogue £2.75.
IN AMERICA AT 502 PARK AVENUE, NEW YORK
Thursday, April 17, at 8 p.m. and Friday, April 18 at 10 a.m.
"TREASURES FROM RUSSIA": THE COLLECTION OF GEORGE R. HANN, PART 1. Catalogue £17.

All catalogue prices are post paid.
All sales subject to the conditions printed in the catalogue.
For details of sales at Christie's South Kensington place write to 85 Old Brompton Road, London, S.W.7, or telephone (01) 581 2231.

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Yorkshire:
Nicholas Brookbank, Tel: (0904) 30911
West-Affiliated:
Michael Thompson, Tel: (07462) 61891
Cheltenham:
Philip Leatham & Rupert de Zoete, Tel: (0242) 518999
West Country:
Richard de Felet, Tel: (0963) 70518
Devon & Cornwall:
Christopher Penrick, Tel: (0726) 64672
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Spencers OF RETFORD



RETFORD SALEROOMS - APRIL 1980

Wednesday 2nd
Thursday 3rd
Wednesday 9th
Thursday 10th
Wednesday 16th
Thursday 17th
COUNTRY HOUSE SALE ON THE PREMISES
Wednesday, 30th April, 1980, an instruction from the executors of the late Mrs. C. W. M. Mather, the FINE CONTENTS OF "THE HOUSE" WENTWORTH WOODHOUSE ESTATE, ROTHERHAM, SOUTH-YORKSHIRE.
Catalogues £1 each including postage, can be prepaid.
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BUSINESS OPPORTUNITIES

FUNDS WANTED

U.S.A. communications company wants a long-term, 15-20 years, loan of US\$100 million or more at reasonable interest rate. U.S. Government securities and U.S. bank deposits available to collateral. Brokers preferred. Box 0876 F, The Times

NEW ANGLO-AMERICAN SALES AGENCY

Is looking for sales agents for U.S.A. and Canada - established New York office. Initial contacts Ian Beaton.
01-546 5892

SENIOR British Diplomat returns

in May with wife to establish United States and Canada sales and consultancy and consultancy from Britain and abroad. Box 0880 F, The Times.

Phillips

Tuesday, 1st April, 11 a.m.
FURNITURE, EASTERN CARPETS & WORKS OF ART

Tuesday, 1st April, 11 a.m.
FINE 19th & 20th CENTURY PICTURES
illus. catalogue £3.00 by post

Tuesday, 1st April, 1.30 p.m.
ANTIQUE & MODERN JEWELLERY
illus. catalogue £1.82 by post

Wednesday, 2nd April, 11 a.m.
CHINESE & JAPANESE CERAMICS & WORKS OF ART

Wednesday, 2nd April, 12 noon
LEAD SOLDIERS & FIGURES
illus. catalogue 90p by post

Thursday, 3rd April, 11 a.m. & 2 p.m.
POSTAGE STAMPS: GENERAL SALE
illus. catalogue 42p by post

PHILLIPS WEST 2
10 SALEM ROAD, LONDON, W.2

Thursday, 3rd April, 10 a.m.
FURNITURE, PORCELAIN & WORKS OF ART
View: Wednesday, 9 a.m. - 7 p.m.

Phillips will be closed from 5 p.m. on Thursday, 3rd April, until 8.30 a.m. on Tuesday, 8th April.

Phillips principal saleroom at
7 Blenheim St. New Bond St. London W1. Tel: 01 629 6602.

West 2: Marylebone, Oxford, Knights, Essex, 01 221 503, 01 221 247, 0805 722 24, 054 141, 0902 302 25
Bath: 0253 10099, 0805 10426, 0831 44801, 031 225 206, 041 332 336
Dublin: 01 97 964, 01 97 964, 01 97 964, 01 97 964, 01 97 964
At all of these, The House, Montreal, Ontario, Canada, Catalogue 42p by post & viewing 2 days prior unless otherwise stated.

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Legal Appointments

Manager Legal Affairs

As the world's most successful direct sales Cosmetics Company, marketing from London across seven European countries, Avon's legal position has to be constantly and professionally monitored.

We are looking for a solicitor or barrister, qualified in the U.K. or another E.E.C. country and used to dealing with the European legal problems facing a commercial company. You should have 3 to 5 years' experience, preferably involved in fast moving consumer goods.

Under the direction of our Senior Legal Advisor - Europe, you will be advising all levels of management as well as functional personnel and should be able to relate well to these clients. This position requires excellent judgement, flexibility and the ability to work independently.

This is a small, high-calibre department and you will be personally responsible for interpreting and evaluating the legal implications and attendant risks of the Company's day-to-day business.

As you would expect from a progressive international organisation, we offer a realistic salary of up to £12,000 p.a., but for an exceptional man or woman this could be more. A company car plus an attractive range of personal benefits are also offered.

Please write with full personal and career details to: Jacky Margolis, Avon Overseas Limited, Imperial House, Imperial Drive, Harrow, Middlesex HA2 7JW.

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We are a European multi-national corporation manufacturing a high quality product at over 40 locations in Europe, Africa and North America, and marketing worldwide. Our development in the past few years has been outstanding; our investment plans are designed to make this continue.

Our ideal Group Legal Adviser will already have had a successful career some years spent with a law firm, but most in the private sector of British manufacturing industry. As well as personally possessing all the relevant aspects of English law, and knowing their practical applications, our

Group Legal Adviser will manage a department of several young solicitors, have sufficient knowledge to understand financial matters, and the experience to assist with sensitivity in solving the personnel problems of a labour intensive process.

For the right person, career progression abroad is ultimately a possibility, and so knowledge of another European language could be an asset; remuneration will be attractive.

Please send career details in confidence to Box No.

0855 F, The Times

CONVEYANCING

REYNOLDS PORTER CHAMBERLAIN

We are looking for an Assistant Solicitor who has both experience and ability, as a Conveyancer and a lively interest in Tax Law. The job will include undertaking both commercial and domestic conveyancing, without supervision, drafting wills, some trust and probate, and advising on Tax.

The successful applicant will probably have 2 or 3 years post admission experience and will be able to command an appropriate starting salary.

Please write with full details of education and experience to: C. P. Ellis Esq., Partnership Secretary, Reynolds Porter Chamberlain, Chichester House, 278/282 Holborn, London WC1V 7HA

LEGAL OPPORTUNITIES

hundreds of openings throughout the country for staff with some experience - 01-544 9077.

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urgently required by busy conveyancing firm in East London. Must have min. 2 years probate exp. and be a member of the Law Society. Salary £12,000 p.a. plus benefits. Law Staff Ltd, 01-544 9077.

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FINANCIAL NEWS

Increasing optimism
Rockware Group

David Allan, managing director of the new acquisitions group, has reduced the group's pre-tax profit to one of £2.5m for the year to December 30. While the group says it is gripped with problems of hard-pressed glass and engineering divisions, it is using a "greatly improved" performance this year to justify the increased dividend of 6.17p gross, which is a final dividend of 5.5p. The group's earnings per share rose from 27.55p to 27.55p.

fractionally to 27 per cent. A poor summer and flat pre-Christmas season prevented the group recovering ground lost during the road haulage strike, which is estimated to have cost £3m. Engineering losses spiralled from £160,000 to £21,000, mainly reflecting troubles at Rockware Kingspeed, which has come into the black since the year-end after a substantial reorganisation. Plastics contributed £25m against £99,000 at the operating level helped by acquisitions including Alida packaging and the plastic bottle operations of the American Dart Industries. Financing takeovers has, however, helped to push interest charges from just over £1m to £2.7m, while an extraordinary deficit of £1.3m below the line chiefly reflects the write-off of goodwill on the Alida acquisition. After the 1979 acquisitions, which also included Longworth Paper and Plastics and Britannia Packaging, Mr Craigie says that the group's emphasis has switched away from being solely a glassmaker. Partly as a result of the takeovers group borrowing costs have risen to about £23m or just under 50 per cent of shareholders' funds at the year-end.

Tenens
in £1.4m
cash call

By Our Financial Staff

Howard Tenens Services, the distribution and engineering company, is raising £1.4m via a one-for-four rights issue at 40p a share. The issue comes two weeks after the shares returned from suspension after the breakdown of talks on a takeover approach. The main use for the cash is to expand the storage and distribution facilities, which are proving the most profitable areas of trading. Specifically the company has an agreement to lease 51 acres in Andover, Hampshire, and planning approval for an 80,000 square foot warehouse costing an estimated £1.2m and due for completion in July. Meanwhile, surveyors Swaby Cowan are valuing the company's properties, which is likely to result in a figure of £13.5m, or £3.6m over the book value in the last accounts. Profits for the year ending yesterday are estimated at £1.1m against a loss of £261,000 last time. Trading prospects are said to be good. A final dividend of 1.83p gross, making a total of 3.26p, is to be recommended and this level of payment is hoped to be maintained on the increased capital.

Setback for Dresdner Bank

International

Dresdner Bank's balance sheet total fell by more than DM2,000m (£484m) in the first two months of this year from the levels recorded at end-1979, while the pressure on interest margins continued, management board spokesman Herr Hans Friderichs said.

The bank's 1979 trading report shows that the parent company's balance sheet total at the end of 1979 stood at DM77,600m, against DM71,000m

at the end of 1978, while net profits fell to DM207m from DM223m.

The bank's interest margins last year were reduced to an average 2.2 per cent from 2.4 per cent in 1978. Towards the end of 1979 they were slightly below 2 per cent.

An adequate margin should be more in the region of 3 per cent, said Herr Friderichs.

The bank's interest surplus rose by 4.7 per cent to DM1,900m. Business volume rose by 10.6 per cent to DM79,000m.

The previously announced parent company 1979 net profit was DM207m (DM223m).

Snia Viscosa cuts losses

Snia Viscosa, the Italian maker of synthetic fibres, said it cut its losses by more than half during 1979 but will still have to write down its capital to cover the deficit.

Snia, which is 39 per cent controlled by chemical company Montedison, narrowed its loss

to 32,337m lire from 79,206m in 1978. Group turnover rose 17.5 per cent.

The company attributed the loss to overcapacity in the fibres sector, high interest charges and increases in the cost of labour and raw materials.

AECI looks to good year

Profits for 1980 of AECI of Johannesburg are expected to show a further substantial improvement due to anticipated favourable economic conditions, the chairman Mr Harry Oppenheimer states in his annual report.

Group pretax profit in 1979 was R125.4m against R95.3m the previous year, on turnover of R896m against R703.5m.

Continued growth in domestic

demand over the past year has been such that several plants, notably those producing low density polyethylene and synthetic fibres, have been operating at full capacity, Mr Oppenheimer said.

Mr Oppenheimer said AECI's new polyethylene plant, which will be built in two stages at a cost of about R150m, will have an annual capacity of 140,000 tonnes.

Hypo Bank earnings rise

Bayerische Hypotheken und Wechsel Bank (Hypo Bank) reported that its net earnings rose 13.8 per cent to DM91m (£22m) in 1979, but Herr Wilhelm Arendts, managing board chairman, called it a "bad" year for banking and said he was not sure the negative trends would end in 1980.

Assets of the parent bank were DM53,400m at the end of 1979, up 15 per cent from end-1978, but down from the 17.2 per cent growth rate in 1978 from 1977. In the first two months of 1980, Herr Arendts said, Hypo Bank's assets had dropped by about DM1,000m.

The parent bank will pay an unchanged DM9 dividend per DM50 nominal share.

Booker McConnell
up slightly at £21.8m

By Michael Press

A strong pound, strikes and high interest rates kept the increase in last year's pretax profits at Booker McConnell, the engineering, trading and food distribution company, down to just 1 per cent at £21.8m.

The dividend is up 57 per cent and the number of shares issued is to be quadrupled.

External turnover rose substantially from £58m to £66m. While the engineering division's profits fell by 36 per cent to £5.8m, all the company's other activities raised profits by a total of 28 per cent to £15.5m.

Engineering, usually the company's biggest profit earner by a wide margin, was already showing the effects of the haulage strike half way through the year when profits were £3.4m against £4.7m. But Mr Michael Caine, the chairman, says that the engineering strikes were less harmful than might have been expected.

Exchange losses were more important, showing an increase from £39,000 to £126m. Interest charges also rose steeply from £1.49m to £3.87m.

Mr Caine added that the decline in public spending adversely affected demand for engineering projects in water treatment, sewage, and pumps.

The best performer was overseas trading, where profits achieved an 81 per cent increase to £1.3m. Food distribution was up 29 per cent at £4.3m. The company's literary and film rights, which include such authors as Agatha Christie, Ian Fleming, Denis Wheatley, George Heyer and Robert Bolt, did 33 per cent better at £1.2m.

The pretax profits figures include a surplus on the disposal of profits in normal trading of £1.7m. Mr Caine says the directors value their prop-



Mr Michael Caine, chairman of Booker McConnell.

erties at £20m more than is entered in the balance sheet. Another factor which helped the amount available for distribution to shareholders was an unexpectedly low tax charge of £2.4m, down about £2m.

Earnings per share were 62.05p compared with 54.81p in 1978. A final dividend of 17.85p gross is well above the previous year's 11.36p, an increase that Mr Caine says is simply to make up for years of dividend restraint.

At the same time, Booker is proposing to split each 50p nominal ordinary share into two 25p shares and to issue to shareholders two new fully paid 25p shares, thereby quadrupling the number of ordinary shares issued.

Borrowings are £27m, which the company says is beginning to approach its gearing limit. Capital expenditure in 1979 was £20m, some £8m more than the year before.

Since the end of the last financial year £10m has been spent on acquiring Kearley & Tonge, a food distributor.

Western Areas
Gold Mining
Company Limited

(Incorporated in the Republic of South Africa)

Member of the Johannesburg Consolidated Investments Group of Companies

Highlights from the 1979
Annual Report

Operating profit increased from R32 486 000 to R79 186 000 principally as a result of the higher average gold price received of U.S. \$316 per ounce, as compared with U.S. \$204 per ounce in 1978.

Dividends increased from 20 cents per stock unit to 47 cents per stock unit which absorbed R18 944 000.

Expenditure on capital account amounted to R41 784 000 as compared with 18 165 000 in 1978. This was considered to be necessary for the maintenance of a production tempo commensurate with the potential resources of the mine and advantage was also taken of the favourable terms offered by suppliers of long delivery items of equipment. Expenditure for 1980 is estimated at R50 000 000.

At the North Shaft development of the Middle Elsburg reefs continued and two reef raises from 50 to 45 level were holed. Encouraging gold and uranium values are obtained, particularly on the E8EC reef.

The sinking of the 4E sub-vertical shaft commenced and access and preparatory development for the sinking of the S.V.3 sub-vertical shaft were largely completed.

As announced in the press on 23rd January, 1980 the Nuclear Fuels Corporation of South Africa (Pty) Limited succeeded in negotiating a uranium sales contract on behalf of the company. The interest-free loan of R30 000 000 associated with this contract will assist in the financing of the construction of uranium recovery facilities. Loan repayments will be geared to deliveries of uranium oxide, which are scheduled to commence in 1983.

Gold production declined marginally as the recovery grade was reduced to 5.3 rams per ton compared with 5.6 grams per ton in 1978. In accordance with the company's declared policy of gaining the greatest long-term advantage from increases in the gold price it is the intention to lower the recovery grade to below 5 rams per ton. Such a decision must take account of the impact of the anticipated high rates of inflation on working costs and capital expenditure, on the anticipated average gold price for 1980, and on the need to maintain dividend distributions at a reasonable level.

P. A. von Wielligh
Chairman
31st March, 1980

The attention of stockholders of Elsburg Gold Mining Company Limited is drawn to the above highlights.

SUMMARY OF OPERATIONS

		Year ended 31st December	
		1979	1978
Tons milled	— 000's	4 339	4 141
Recovery	— grams per ton	5.3	5.6
	— kilograms	23 109	23 184
Revenue	— per ton milled	R45.37	R31.97
	— per ounce	U.S. \$317	U.S. \$204
Costs	— per ton milled	R27.43	R24.28
	— per ounce	U.S. \$182	U.S. \$155
Profit	— per ton milled	R17.94	R7.69
	— per ounce	U.S. \$125	U.S. \$49
Average price received for gold:			
	— per kilogram	R3 480	R5 892
	— per ounce	U.S. \$316	U.S. \$204

The annual general meeting of the company will be held in the board room, Consolidated Building, corner of Fox and Harrison Streets, Johannesburg, on Monday 19th May, 1980 at 9.15 a.m.

Note: Copies of the Annual Report will be sent post free on application to:
The London Secretaries
Barnato Brothers Limited
99 Bishopsgate, London EC2M 3XE
Telephone No. (01) 688-7011

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TURNER & NEWALL REPORTS ON 1979

"A problem year... but recent investment and diversification are sources of strength in the years ahead."

from the Statement by the Chairman, Stephen Gibbs

Profits: down at home,
up overseas

It was a problem year for T&N with low home demand, particularly in the automotive and construction industries, and general industrial unrest proving major factors in a fall in trading profits by £6.3m to £38.2m, and pre-tax profits by £12.2m to £27.5m. The trading profits of the UK companies fell by £7.4m to £17.9m.

Our trading profits from companies overseas increased by £1.0m to £24.6m, reflecting our continued policy of overseas expansion.

Zimbabwe Rhodesia

For the first time in 14 years we have access to our asbestos mines in Zimbabwe Rhodesia. In the interim, our mining company there has considerably increased its net asset value, whilst our manufacturing company has diversified into steel tubes and pipes, and automotive components.

New plant on stream

1979 was the year in which a number of our recent investments came on stream.

We completed our £18m Aycliffe PVC resin plant, further strengthening our position in the expanding plastics market.

Our new £8 million glass fibre insulation plant in the North East also started up.

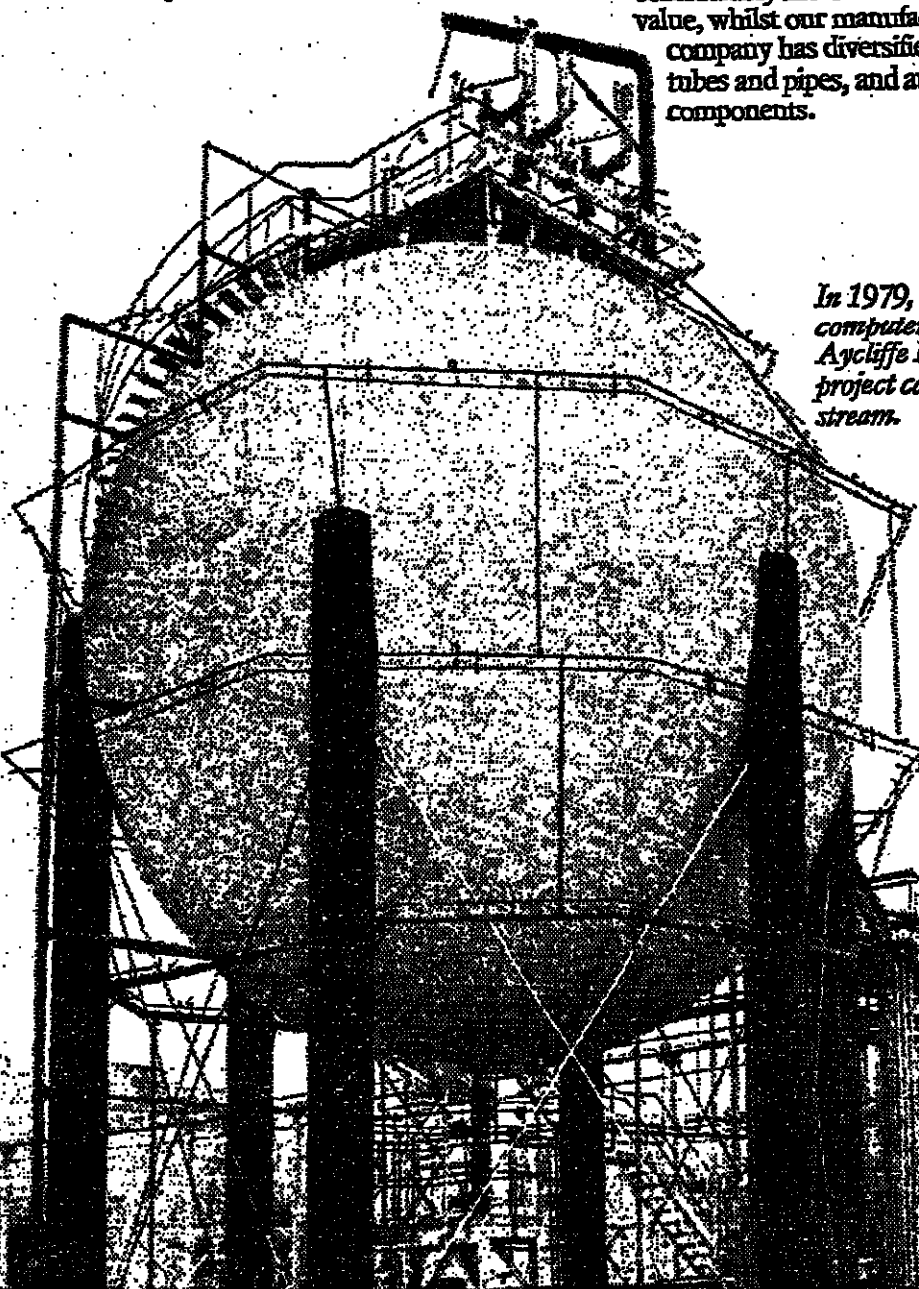
Our policy of providing a worldwide network to service the automotive industry took a step forward with the opening of new automotive components factories in Smithville, Tennessee and in Ibadan, Nigeria.

Hunt, our specialty chemicals subsidiary, had a successful year marked by the completion of new plants in the USA and Belgium, both of which have now started production.

During the year, we invested a total of £16m at home, and £18m overseas.

Dividend maintained

Our total dividend for the year was 11.5p per £1 stock unit, the same as in 1978.



In 1979, our £18m computer-controlled Aycliffe PVC resin project came on stream.

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